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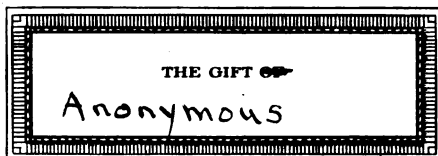
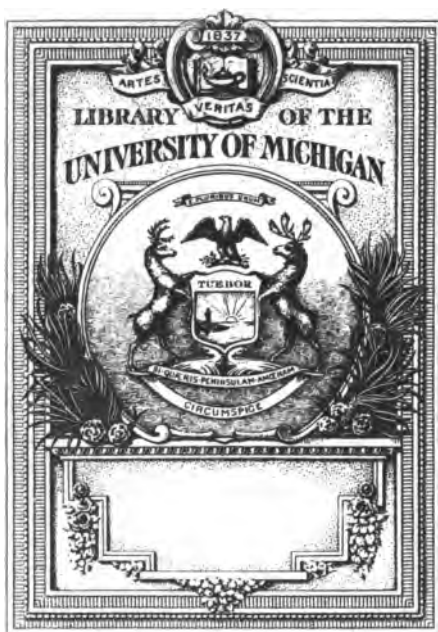
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# Organized Labor and Capital;

The William L. Bull Lec-  
tures for the Year 1904 . . .

*Being*

THE PAST, by Rev. Washington Gladden, D. D.,  
THE CORPORATION, by Talcott Williams, LL. D.,  
THE UNION, by Rev. George Hodges, D. C. L.,  
THE PEOPLE, by Rev. Francis G. Peabody, LL. D.



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## The Letter Establishing the Lectureship

Bishop Whitaker presented the Letter of Endowment of the Lectureship on Christian Sociology from Rev. William L. Bull as follows :

For many years it has been my earnest desire to found a Lectureship on Christian Sociology, meaning thereby the application of Christian principles to the Social, Industrial, and Economic problems of the time, in my Alma Mater, the Philadelphia Divinity School. My object in founding this Lectureship is to secure the free, frank, and full consideration of these subjects, with special reference to the Christian aspects of the question involved, which have heretofore, in my opinion, been too much neglected in such discussion. It would seem that the time is now ripe and the moment an auspicious one for the establishment of this Lectureship, at least tentatively.

After a trial of three years, I again make the offer, as in my letter of January 1st, 1901, to continue these Lectures for a period of three years, with the hope that they may excite such an interest, particularly among the undergraduates of the Divinity School, that I shall be justified, with the approval of the authorities of the Divinity School, in placing the Lectureship on a more permanent foundation.

I herewith pledge myself to contribute the sum of six hundred dollars annually, for a period of three years, to the payment of a lecturer on Christian Sociology, whose duty it shall be to deliver a course of not less than four lectures to the students of the Divinity School, either at the school or



elsewhere, as may be deemed most advisable, on the application of Christian principles to the Social, Industrial, and Economic problems and needs of the times ; the said lecturer to be appointed annually by a committee of five members : the Bishop of the Diocese of Pennsylvania ; the Dean of the Divinity School ; a member of the Board of Overseers, who shall at the same time be an Alumnus ; and two others, one of whom shall be myself and the other chosen by the preceding four members of the committee.

Furthermore, if it shall be deemed desirable that the Lectures shall be published, I pledge myself to the additional payment of from one to two hundred dollars for such purpose.

To secure a full, frank, and free consideration of the questions involved, it is my desire that the opportunity shall be given from time to time to the representatives of each school of economic thought to express their views in these Lectures.

The only restriction I wish placed on the lecturer is that he shall be a believer in the moral teachings and principles of the Christian Religion as the true solvent of our Social, Industrial, and Economic problems. Of course, it is my intention that a new lecturer shall be appointed by the committee each year, who shall deliver the course of Lectures for the ensuing year.

WILLIAM L. BULL.

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**I**

**THE PAST**

**BY REV. WASHINGTON GLADDEN, D. D.**



# I

## THE PAST

IN preparing the composite picture which this brief course of lectures is expected to present, the task which has been assigned to me is simply that of painting in the background. It is not an unimportant task, for in sociology as in pictorial art, backgrounds are of great significance; and it is a task of such enormous difficulty, that if my wits had not been wool-gathering when it was proposed to me I should have promptly declined it. In an unlucky moment for me, and for you, I fear, I pledged myself to it and am here to-night to expiate my temerity. In justice to myself I ought to warn you that the work assigned to me is a sheer impossibility. To set before you within the space of an hour, ever so cursorily, the past phases of the labor question would be a

much more difficult undertaking than to repeat, within the same space of time, the whole of the Encyclopedia Britannica. To state, in any adequate way, the labor question as it presented itself in any single decade of the past two thousand years would take a volume: to set forth the multitudinous aspects which that question has assumed since the toil of hand and brain began on this planet, would require a library. All I can do is to bring before you a few of the changes which have taken place in the condition of the laborer in the progress of the ages. It must be the merest sketch; neither in outline nor in shading will it satisfy any student of history. But it may help us a little in tracing the lines of social development, in valuing the gains which have been made, and in discerning the lines along which industrial progress is likely to move in the years before us.

For the primitive forms of human labor we have to look elsewhere than to the records of history. Men had been at work,

probably, for many scores of centuries before they ever made any permanent record of what they were doing. In the earliest periods to which we are carried by the documents and the monuments of old Egypt and of the ancient Asiatic monarchies civilization was highly organized; the division of labor had been carried far; and the beginnings of industry were hidden, even then, in a remote past. The lately discovered Code of Hammurabi, which goes back to the twenty-third century before Christ, names many classes of laborers,—reapers, threshers, herdmen, shepherds, artisans, brickmakers, tailors, stonecutters, milkmen, carpenters,—and fixes the daily or yearly wages to be paid them by their employers. None of the oldest peoples find in their annals any trace of the earliest stages of industrial development.

Archæology, with its collections of prehistoric implements, gives us some hints of these primitive industries, but most of what we suppose that we know is inferred from



our observation of the condition of backward races now existing upon the earth. From these sources we gather what seems a fairly credible theory of the stages of industrial progress.

The first is what may be roughly called the hunting stage, in which labor is not productive but appropriative; in which man subsists on the bounty of nature; on the berries, fruits, nuts and roots which the earth provides him; on the fish which he takes from the water, and on the flesh of beasts and birds which he ensnares. The wages question has not yet arisen, for every man works for himself. The labor consists in the gathering of the wild products of the earth or the securing of fish and game; in the preparation of skins for garments; in the construction of rude shelters of earth or bark; in the fashioning of tools, or weapons, from flint or wood, or from the bones of animals. One considerable part of the labor of this primitive man was the kindling of fire by friction; some of the methods for

producing flame are still in use upon this continent.

How long the earliest tribes remained in this first industrial stage it would be profitless to conjecture ; doubtless for long periods, for progress in such times is vastly slower than under the conditions with which we are familiar. In the order of nature—not always in the order of history—the next stage is the pastoral stage, in which animals are domesticated and shepherded, their flesh and their milk furnishing a less precarious supply of food than that obtained in the chase. Now wealth began to be accumulated in flocks and herds ; now tents were constructed for those who must always be leading their possessions to fresh fields and pastures new ; now there were the beginnings of manufacture—the spinning and weaving of sheep's wool and camel's hair. Now there was division of labor, and wages for shepherds and cowherds and swineherds ; the labor question began to be articulate. When Jacob comes to Laban's

house, and proposes to take his part as a shepherd in the work of Laban's household, Laban declines to accept gratuitous services; he desires to put the matter on a business basis. "Because thou art my brother," he says, "shouldest thou serveme for naught? tell me what shall thy wages be?" We need not dwell on Jacob's sharp bargain; Laban's question shows that men in the pastoral stage worked for hire.

Now, also, through the strifes of herds-men for springs and fresh pasturage petty wars arise between nomadic tribes, and slavery follows as the natural sequence of war. Thus in the pastoral stages we have the beginnings of enforced and unpaid labor; the captives in war are not all slain; some of them are spared and reduced to servitude, in tending the flocks and herds of their captors.

The pastoral stage, as I have intimated, may not always directly follow the hunting stage; there are countries, like Australia, where none of the native animals are suit-

able for domestication. In such cases the agricultural stage must precede the pastoral stage, instead of following it. In the course of time economic necessities are sure to compel a more settled manner of life and the cultivation of the soil. For hunting purposes vast areas are needed for the subsistence of a few ; even the pastoral life compels large room and wide wanderings ; but when labor is applied to the soil a small tract will furnish abundant and varied supplies for the wants of many people. Agriculture begins, of course, on a very rude scale ; it is mingled more or less with the life of the hunting and pastoral tribes ; it is long before it becomes the main reliance of any people ; but little by little men forsake their wild and wandering life, and settle upon the land, build permanent dwellings, and develop their social life and their political institutions. The land is not, in the beginning, held in severalty ; there is communal ownership regulated by the heads of the village community. At first the village

rulers changed every year the lots assigned to culture, but gradually the several families came to occupy the same ground with more or less permanency, and foundations were laid for the principle of private ownership.

With this more settled manner of life the arts of husbandry more rapidly developed, new tools were invented, methods of cultivation were improved, there were great meliorations in the conditions of human life. But between these settled groups and those more restless and aggressive there were constant collisions; the rich lands tempted the wild tribes; the growing communities needed new fields and their expansion led to encroachment on neighboring territory; war thus became a chronic condition of society, and slavery was the inseparable concomitant of war. Captives were enslaved; and the servile classes among all the stronger peoples multiplied far more rapidly than any other class in the population.

At the beginnings of what we may fairly call history we find therefore that the larg-

est share of the working classes are slaves.

In Egypt the nobles and the priests form the ruling class, to all of whom every kind of manual labor is utterly forbidden. At the opposite social extreme are the slaves by whom all the agricultural work is done, and the shepherds, scarcely separated from them in condition. There is also a middle class of artisans, of small social consequence in the early periods, but gradually gaining a little more recognition upon the monuments. In the later Empire when the Kings began to cherish great architectural ambitions frequent raids were made by Egyptian armies into Asia and into the regions to the south of Egypt, for the express purpose of bringing back hordes of captives to work upon the Pyramids. While, therefore, skilled artisans must have been needed in the direction of this work, the result of it must have been greatly to increase the slave population.


In the great days of Greece its civilization was built on slavery. In the earliest

historic times there were hereditary slaves, but the number of these did not increase by propagation rapidly enough to supply the constantly growing demand for labor, so that the slave population had to be replenished from various sources. Children were sold into bondage by their free parents; captives taken in war were doomed to slavery; even Greeks, captured in civil wars, were not exempt from this fate. By piracy and kidnapping the bondmen were multiplied, and a flourishing slave trade brought from Italy and from Africa and from the provinces of Asia Minor a constant supply to the slave markets of the Grecian Peninsula.

The servile population of Greece is variously estimated by the historians, but the best authorities agree that there must have been three slaves for every freeman. Not only the menial work of the fields and the homes was performed by slaves, but much of the skilled mechanical work. Slaves were household managers, and superintend-

ents of farms ; in commerce as well as in manufactures slave labor was employed. There were speculators who owned them and trained them and hired them out ; the cities were slaveholders ; the public work was done by slaves ; Athens kept twelve hundred of them as policemen ; they served in the fleets and in the armies as drudges, not often as soldiers.

In Rome the institution was systematized and extended until it became the main support of the social order. In the earliest days this slavery appears to have been of a mild and humane type ; but in the later years of the Republic and in the beginning of the Empire, when the power of Rome was expanding, every successful war added tens of thousands of slaves to the population, and as their numbers grew the degradation of the bondmen waxed deeper and more dire. "In Epirus," says Dr. Ingram, "after the victories of Æmilius Paulus, 150,000 captives were sold. The prisoners at Aquæ Sextiæ and Vercillæ were 90,000 Teutons





and 60,000 Cimbri. Cæsar sold on a single occasion in Gaul 63,000 captives ; Augustus made 44,000 prisoners in the country of the Sallassi ; after immense numbers had perished by famine and hardship and in the combats of the arena, 97,000 slaves were acquired by the Jewish war.”<sup>1</sup>

When most of the able-bodied male citizens were marching around the world in the conquering armies of the world’s mistress, it was needful that somebody should do the work at home, and the Roman conquests furnished the labor by means of which the industries of the nation were carried forward. But in Rome, as in Greece, the supply of captives was inadequate for industrial purposes, and a vast slave-trade in which piracy and slave-catchers co-operated, swelled the ranks of the bondmen. In Rome, during the first two centuries of the Empire, fully three-fourths of the population were slaves.

Rome was the great organizer, and her

<sup>1</sup> Encyclopedia Britannica, XXII, 132.

slaves were regimented, and trained and carefully fitted into her industrial life. There were public slaves and private slaves. Many of the humbler offices of the State were filled by them; they built the roads, they cleansed the sewers, they maintained the aqueducts. Every rich private citizen had multitudes of slaves for all industrial and domestic purposes, and for the service of his higher needs. "The slaves of a private Roman," says Ingram, "were divided between the *familia rustica* and the *familia urbana*. At the head of the *familia rustica* was the *villicus*, himself a slave, with the wife who had been given him to aid him and to bind him to his duties. Under him were the several groups employed in the different branches of the exploitation and the care of the cattle and the flocks, as well as those who kept or prepared the food, clothing, and tools of the whole staff, and those who attended the master in the various species of rural sports. A slave prison (*ergastulum*) was part of such an es-

tablishment, and there were slaves whose office it was to punish the offenses of their fellows. To the *familia urbana* belonged those who discharged the duties of domestic attendance; the service of the toilet, of the bath, of the table, of the kitchen, besides the entertainment of the master and his guests by dancing, singing, and other arts. There were, besides, the slaves who accompanied the master and mistress out of doors and who were chosen for their beauty and grace as guards of honor, for their strength as chairmen or porters, or for their readiness and address in remembering names, delivering messages of courtesy, and the like. There were also attached to a great household, physicians, artists, secretaries, librarians, copyists, preparers of parchment, as well as pedagogues and preceptors of different kinds—readers, grammarians, men of letters and even philosophers—all of servile condition, besides accountants, managers, and agents for the transaction of business. Actors, comic and tragic, pantomimi,

and the performers of the circus, were commonly slaves, as were also the gladiators. These last were chosen from the most war-like races, as the Samnites, Gauls and Thracians. *Familix* of gladiators were kept by private speculators who hired them out; they were sometimes owned by men of high rank."<sup>1</sup>


Upon this stupendous institution of slavery which has dominated the industrial realm during the greater part of the historic period, and which came to its culmination in the Roman Empire, it is not possible to dwell. It is only necessary to remember that when Jesus was born in Bethlehem of Judea the vast majority of all the people of the most civilized lands were slaves: that almost the whole of the manual work of the world was done by slaves, and much of its commercial and educational and artistic work; that all these people by whom the world's work was done were regarded by philosophers and legists as something less

<sup>1</sup> Encyclopedia Britannica, XXII, 132.

~~than human.~~ It was not because they belonged to a different race, for usually they were of the same kindred and the same color as their masters; by the very condition of slavery manhood was extinguished. No matter by what injustice or cruelty the man had been enslaved, the fact that he was a slave proved that he was no man. It is astonishing to read in the philosophical discussions of Plato and Aristotle and Cicero and Cato their reasonings about the servile condition. Their cool assumption that a slave is a slave by nature; that he is born to this destiny; that slavery is a political necessity, since no man who works for a livelihood could be fit for citizenship—that would be fatal to the State; and in order that there may be free citizens to rule the State there must be slaves to support them in idleness. All such arguments, put forth with no dubitation by the most enlightened men, indicate the social condition of the working people of the world at about the beginning of the Christian era.

acceptance  
to  
support of  
slavery  
the labor  
force

Concerning the treatment of the slaves by their masters no sweeping statement could be made. The theory of slavery was bad enough, as we have seen, to warrant any amount of cruelty, but men are sometimes better than their theories; and between Roman masters and their slaves, as between masters and slaves in our own country and our own time, there were instances of kindness and affection. Manumission was not uncommon, the class of freedmen increased in numbers and rose in influence. But after making due account of ameliorating influences, the condition of the Roman slave under the Empire was undoubtedly far worse than the worst of our African slavery upon this continent. Upon the *latifundia* the field hands worked and slept in chains; sick slaves were cast out to die; Cato the Wise, the moralist and reformer, advises agriculturists to get rid of their worn-out slaves as of their old oxen; in the mines they wrought under the lash, and guarded by soldiers; worst of all they were kept



by purveyors of bestial pleasure as gladiators and as prostitutes and devoted to lives of savagery and of shame.

The brutalizing effect of such relations upon the lives of the ruling class can hardly be exaggerated. One typical fact will throw light upon the Roman character—the custom of enlivening the banquets of the rich with the combats of gladiators. Your host assumed that your anchovies would have a better relish and your wine a finer flavor if you could see one man cut another man's throat or stab him to the heart while you were partaking of his feast!

“What a society was this of Rome,” exclaims Dr. Schmidt, “tolerating orgies where the blood of slaves mingled with the wine of their flower-crowned masters, where mortal combats mingled with impure pantomime, where the guests were offered in turns the grimaces of actors, the carnage of gladiators and the kisses of courtesans—where, indeed, the most monstrous cruelty was allied with the most shameless liber-

tinism ! ”<sup>1</sup> It was such a society as slavery is sure to produce. The seeds of its dissolution had been thickly sown, and the crop was soon ripe for the harvesting. Slavery and the Empire went down together.

To such a people the end of conquest must come. Their vices brought debility and effeminacy, and their enfeebled legions melted before the power of more vigorous races. War ceased to supply captives, and servile insurrections made the tenure of slave property precarious. The masters were not strong enough to coerce the slaves, and the institution upon which the whole economic life of the Empire was founded showed signs everywhere of falling beneath its own weight.

What was the labor question in these old Roman days? It was not the wages question, for the free men who worked for wages were few and utterly despised, even by the slaves. It was not the question about hours of labor or the right of the

<sup>1</sup> “The Social Results of Early Christianity,” p. 95.



laborers to organize. On the part of the masters it was the question, "How can we compel these chattels of ours to serve our needs and our whims?" On the part of the slaves it was the question, "How can we safely evade the toil that springs from no impulse and brings no recompense?" Portentous questions these, when they reveal the ruling motives of the classes concerned in industrial production. Could any sane man conceive that human society could be held together with such deadly antagonisms at the heart of it?

Slavery in Europe was doomed, but it took the owners of the slaves several generations to find it out. Gradually the fact became evident that an industrial system which makes your workman your natural enemy is economically unsound; and the sentiments of Christianity slowly permeated the minds of men and helped to create an atmosphere in which slavery could not live. A radical and immediate change from slavery to free contract would have been


impossible, in that society; we have seen how difficult it is in our own, with all the laws and social institutions organized in the interests of freedom. In the Middle Ages it was absolutely needful that the transition should be gradual; and thus, in a process which I cannot stop to outline, slavery was gradually merged in serfdom; and the millions who had been chattels along with many others who had had the name, and little more than the name, of free laborers, found themselves tied to the soil, as *coloni*, or serfs, with some larger measure of personal liberty than slaves had enjoyed, but still only half free. The owner of the land could not sell them, nor drive them from their homes, nor could they, on the other hand, run away; if they did, the master could bring them back. Generally they were required to pay him a portion, fixed by law, of the product of the land which had been assigned to them; and they owed to him also a certain yearly amount of labor upon the land which he kept for his own

purposes. The rent dues and the labor dues could not be increased by the master. *Adscripti glebæ*, these laborers were called ; they were tenants registered by the State and fastened forever to the same spot of earth ; for them there was no freedom of movement and no choice of occupation. The serf could not marry a wife who belonged on another estate ; his children were tethered to the same soil ; from generation to generation the family was "fixed in an eternal state," as the hymn says ; that, indeed, was the very term used respecting the permanency of their tenure by an old law of Theodosius, "*quodam eternitatis jure.*" The title of the property might pass from owner to owner but the serf remained ; lords might come and lords might go but he stayed on forever.

I have spoken of the agricultural classes, but similar relations existed also in the towns and cities ; most laboring men in the urban communities were attached in the same way to masters, as menials or retain-

ers. It seemed to be the natural thing for the working man to be dependent upon and subject to somebody above him ; for protection and guidance the weak gathered about the strong and submitted to their control. The feudal system was built upon this idea of the subjection of the many to the few.

Yet it was evident that this condition of serfdom was transitional. It was a stage in advance of slavery, but it was still at war with the best elements of human nature, and with all that is most vital in the Christian religion. The beginning of the end of it came when little groups of artisans in the free cities bound themselves together for mutual aid and protection. Fugitives from the manors swelled their number, and charters from the King confirmed their rights. The monarch, reaching over the heads of the lesser lords, found his interest in strengthening these unions of free working men ; they increased his revenues and broadened the basis of his authority. Little



by little, in all the European countries, though in some much more slowly than in others, serfdom crumbled away. The workmen in the cities first won their freedom; afterwards their fellow toilers on the land were loosened from their bond. Three great causes, political, economical, ethical, conspired for their deliverance. The Kings, as we have seen, wished the support of the common people for their thrones; the masters began to see that a freeman is likely to be a better workman than a bondman; the preachers of Christianity kept bearing witness that all men in God's sight were equal. In all these years when the bondmen were tied to the soil there was only one sure way in which they could escape; if the bishop laid his hand on a serf in ordination, his master could not interpose. The mediæval church, with all her sins and shortcomings, did yet steadily and mightily testify against human bondage. Within her pale there have never been any barriers of caste: there never was a day when a slave or a

serf might not aspire to the highest honor within her gift.

As the result of all these conspiring causes, serfdom gradually disappeared from Europe. In England it was moribund in the thirteenth century, and defunct in the fifteenth ; in France it lingered and the last remnants of it were swept away by the Revolution of 1789 ; in Germany it was not wholly extirpated when the nineteenth century began, and in Russia its death-knell was sounded in 1861.

What was the labor question in Europe, during the centuries of serfdom ? On the part of the master it was mainly the question how his workman could be kept in his place as the member of an inferior class, how the restrictions upon his liberty could be maintained and enforced, how he could be coerced into rendering service to those above him in the social scale. On the part of the workman it was the question how he could evade the burdens laid upon him, and reduce the amount of his compulsory labor ;

also, doubtless, as the centuries wore on, and some sense of the primal rights of a man began to dawn upon the minds of these bondmen, the question began to arise in the thoughts of some of them why the laborer should not have the right to choose his own employer and his own employment; why the men who do the world's work should not be freemen?

It is interesting to watch the sowing of these seeds of revolt in the minds of the common people of England, in the middle of the fifteenth century. It was closely connected with a great religious movement—a movement which shook England to its centre, and which, although for awhile repressed, a century later issued in the Reformation. It was the teaching of John Wyclif which gave the *coup de grace* to serfdom in England. It was his Doctrine of Dominion, in which he taught that priest and king and proprietor get their rights and powers directly from God, and are responsible to Him, which swept away the foundations of

feudalism as well as of sacramentalism. It was the throngs of poor priests in their russet gowns, who went everywhere preaching the gospel of a secular and a religious democracy that stirred up the peasant revolt. "Wyclif's poor priests," says Thorold Rogers, "had honeycombed the minds of the upland-folk with what may be called religious socialism. By Wyclif's labors the Bible men had been introduced to the new world of the Old Testament, to the history of the human race, to the primeval garden and the young world, where the first parents of all mankind lived by simple toil, and were the ancestors of the proud noble and knight as well as of the down-trodden serf and despised burgher. They read of the brave times when there was no King in Israel, when every man did that which was right in his own eyes, and sat under his own vine and fig-tree, none daring to make him afraid."<sup>1</sup> Here is a sample of this preaching—a bit of one of the sermons of John

<sup>1</sup> "Six Centuries of Work and Wages," p. 254.



Ball, the "mad priest of Kent," as Froissart calls him : " Good people, things will never go well in England so long as goods be not in common, and so long as there be villeins (serfs) and gentlemen. By what right are they whom we call lords greater folk than we? On what grounds have they deserved it? Why do they hold us in serfage? If we all came of the same father and mother, of Adam and Eve, how can they say or prove that they are better than we, if it be not that they make us gain for them by our toil what they spend on their pride. They are clothed in velvet, and warm in their furs and ermines, while we are covered with rags. They have wine and spices and fair bread, and we oat-cake and straw, and water to drink. They have leisure and fine houses; we have pain and labor, the rain and the wind in the fields. And yet it is of us and of our toil that these men hold their state."

The days of the cartoonist were not yet but the rhymers had their innings in the fourteenth century. Listen to them :

“ Now reigneth pride in price,  
And covetise is counted wise,  
And lechery withouten shame,  
And gluttony withouten blame.  
Envy reigneth with treason,  
And sloth is take in great season,  
God do bote, for now is time.”

Jack the Miller croons his ditty :

“ With right and with might,  
With skill and with will,  
Let might help right,  
And skill go before will,  
And right before might,  
So goeth our mill aright.”

“ Right before might ” must mean the doom of bondage. And how can serfdom stand when a rhyme like this is running round the land :

“ When Adam delved and Eve span,  
Who was then the gentleman ? ”

These were the brands which kindled the Peasant's Revolt, which was speedily stamped out but which, in the midst of seeming defeat, won an immediate and complete victory. Like John Brown's mad enterprise it was an ignominious failure ; but, also like that failure, out of its ashes

burst a flame that swept serfdom out of existence. Parliament peremptorily refused manumission to the peasants, and immediately began to loosen the bonds and let the oppressed go free. The cry of humanity had found articulate voice, and the end had come to the system of enforced labor in England.

Thus we have seen "the highway lifted up over which the laboring classes of Europe," in the phrase of Sir Henry Maine, "passed from status to contract." From the end of the fourteenth century in England, and from later dates in other European countries, we see the working man choosing his own occupation, his own place of residence, and his own employer. He has ceased to be a chattel or a dependent, and has become in theory at least, and to a large degree in fact, a freeman. In feudal countries the classes above him for a long time retain privileges which he has not; he has little or no part in the government of his country; the avenues to honor are largely closed

against him, but except for crime he cannot be compelled to work against his will ; he makes his own bargain with his employer ; he is free to go where he will and to expend the wages of his labor for what seems to him good. It is true that there are attempts, sometimes mischievous and injurious, to establish by law the rate of wages ; but these professed to fix, and probably were meant to fix, a minimum wage, for the laborer's protection.

The tremendous importance of this change in his condition it is not possible for those of us who have been accustomed all our lives to a régime of free labor rightly to estimate. The spur that was given to industry and thrift by the emancipation of the serfs in England, was felt in every part of the Commonwealth. Thorold Rogers says that the century and a quarter following the Peasant's Revolt, or the fifteenth and the first quarter of the sixteenth century, was the golden age of the English laborer ; that at no time, before or since, have the labor-

er's wages procured for him so much of the necessaries of life; that at no time have wages, relatively speaking, been so high, and food so cheap.<sup>1</sup>

From this day onward, until the middle of the eighteenth century, the condition of the laboring classes was substantially unchanged. Artisans in the towns and laborers on the farms pursued their occupations; industries were developed; trades were perfected; manufactories steadily advanced. The iron business began to assume large proportions; the woollen business offered employment to large numbers of men and women, who spun the wool on their spinning wheels at home, and wove it upon hand looms. The domestic industries, as they are called, were flourishing, and although the condition of the toiler was by no means uniformly enviable, and bad harvests often brought famine, the working classes kept on the even tenor of their way, making no important social or political gains, but certainly

<sup>1</sup> "Six Centuries of Work and Wages," p. 326.

holding their own, and rising, perhaps, in the respect and consideration of the classes above them.

The middle of the eighteenth century found the wage-workers upon the threshold of that industrial revolution which is still in progress, whose vast consequences already experienced are sufficiently portentous ; whose future overturnings no prophet can foretell.

The domestic system of industry to which I have referred was fully intrenched at the middle of the eighteenth century. It was properly called a domestic system, not only because nearly all the mechanical work was done in the homes of the people, and was united more or less with agricultural work, most mechanics living in rural homes, and raising a good share of their own food, but also because most of it was done for the home market, the foreign trade at that time being an insignificant portion of the business of the great European nations. Each neighborhood, in fact, produced most of the simple supplies needed by its people ; the means

of communication, even in England, were so imperfect that the products of one part of the country were with difficulty transported to other parts.

The first step in the great march of industry was taken when canals opened the way for exchanges of products, and liberated trade from one of its fetters.

Then, one after another, came the great inventions—the spinning jenny, the flying shuttle, the mule, the power loom, the steam engine, with railways and steamships, and the vast development of the coal industry, furnishing greatly augmented power, which could be used in any locality ; so that the strength of man was indefinitely multiplied, and the applications of natural force to simple processes of manufacture, under the principle of the division of labor, made way for that astounding development of industrial organization which has been going forward during the past century and a half, by leaps and bounds, and which shows no signs of reaching its culmination.

Rapidly the entire system of production was revolutionized ; the domestic industries gave place to the factory system ; men and women and children were drawn away from their rural homes to great manufacturing centres, and the social as well as the economic life of the working people assumed new phases, not always of the most hopeful character.

This change from the domestic system of industry to what may be called the factory system, with its massing of laborers in industrial centres, with its great specialization of processes, and its regimentation of workers, with its increasing consolidation of kindred industries, and its enormous aggregations of capital, is a phenomenon whose entire significance no social philosopher of our time can confidently estimate. It has affected, already, in many ways, the entire social fabric. We are living in a different world from that which was moving in the same orbit one hundred and fifty years ago ; the conditions of life in the most civilized por-



tions of it have greatly changed, and men have changed not less than the times. It may be said that human nature does not change, but the customary thoughts and feelings and hopes and fears of human beings may greatly change from generation to generation ; and the ruling ideas and motives of the working classes and of those who employ them have been considerably modified since the invention of the spinning jenny.

It is impossible in the time now at my disposal even to hint at the transformations which have been going on in the industrial world during this period. The earlier stages of the new industry were not encouraging to the friends of humanity. The social and moral conditions of the laborers, hurled together in the new manufacturing centres were deplorable. In Mr. Hobson's words: "The requirements of a decent, healthy, harmonious individual or civic life played no appreciable part in the rapid transformation of the mediæval residential

centre or the scattered industrial village into the modern manufacturing town. Considerations of cheap profitable work were paramount; considerations of life were almost utterly ignored.”<sup>1</sup> “In the new cities,” says Arnold Toynbee, “denounced as dens where men came together not for the purposes of social life, but to make calicoes or hardware or broadcloths—in the new cities, the old warm attachments, born of ancient local contiguity and personal intercourse, vanished in the fierce contest for wealth among thousands who had never seen each other’s faces before. Between the individual workman and the capitalist who employed hundreds of ‘hands’ a wide gulf opened; the workman ceased to be the cherished dependent; he became the living tool of whom the employer knew less than he did of his steam engine.”<sup>2</sup>

Wealth was increasing at a prodigious rate; these great capitalist employers were

<sup>1</sup> “The Evolution of Modern Capitalism,” p. 325.

<sup>2</sup> “The Industrial Revolution,” p. 190.

heaping up large fortunes ; but the tendency of wages was downward ; the hours of labor were long and women and children were forced into the most degrading servitude. Before the new industry was thirty years old the working classes of England had sunk into a miserable proletariat. Government reports of the first quarter of the nineteenth century show that children of five and six years were commonly found in the factories. The day's work was from twelve to fourteen and fifteen hours ; in some districts it reached sixteen hours. Machines that could be tended by women and children drove the husbands and fathers out of employment and forced them to stand idle in the market-place. "Nor was this unmeasured abuse of child labor," says Mr. Hyndman, "confined to the cotton, silk or wool industries. It spread in every direction. The profit was so great that nothing could stop its development. The report of 1842 is crammed with statements as to the fearful overwork of girls and boys in iron

and coal mines, which doubtless had been going on from the end of the eighteenth century. Children, being small and handy, were particularly convenient for small veins of coal, and for pits where no great amount of capital was embarked ; they could get about where horses and mules could not. Little girls were forced to carry heavy buckets of coal up high ladders, and little girls and boys dragged the coal bunkers along instead of animals. Women were commonly employed underground at the filthiest tasks.”<sup>1</sup>

I have spoken of these women and children as being *forced* to labor after this manner ; I have named these conditions servitude. Was not labor free in England, one hundred years ago ? Were not these people, one and all, male and female, enjoying all the blessings of free contract ? Most assuredly they were. These employers had no legal claim upon them. So far as the laws of England were concerned they had

<sup>1</sup> “ *Historic Basis of Socialism in England*,” p. 166.

the right to work for whom they pleased, and to make their own bargains about wages. It was while these burdens were crushing the life of the English laborers that Cowper was writing :

“Slaves cannot breathe in England ; if their lungs  
Receive our air that moment they are free !  
They touch our country and their shackles fall.”

The only compulsion to which these people were subject was the compulsion of circumstance. The forces by which they were driven were hunger and cold. The servitude that galled them was that of pitiless economic laws, and there is no oppression more relentless. For even as Herbert Spencer, the great champion of free contract, the great antagonist of state regulation, has said : “ The wage-earning factory hand can, indeed, exemplify entirely free labor, in so far that, making contracts at will and able to break them after short notice, he is free to engage with whomsoever he pleases and when he pleases. But this liberty amounts in practice to little more than the ability to ex-

change one slavery for another; since, fit only for this particular occupation, he has rarely an opportunity of doing anything more than decide in what mill he will pass the remainder of his dreary days. The coercion of circumstances often bears more hardly on him than the coercion of a master does on one in bondage.”<sup>1</sup> This was the first great, outstanding fact developed in the industrial revolution. It was not indeed accepted as a fact, either by the masters or by the political economists of the day who furnished them their business theories. It was strenuously and angrily denied. It was maintained that individual freedom of contract was the one thing precious and inalienable; that it must in no way be impaired, either by law or by combinations of laborers. Business would be ruined, these men predicted, and the national prosperity destroyed if any attempts were made to restrict by law the freedom of trade. But all this economic dogmatism finally

<sup>1</sup> “Principles of Sociology,” III, 525.

shrank to silence before the appalling fact that the laboring classes of England were steadily sinking. In the great industrial centres the effects of this régime of so-called free labor were visible in the wasted forms and pallid cheeks of the operatives ; physical degeneracy was manifest ; children were dying like flies ; the vigor of the nation was being undermined. Parliamentary investigations revealed a state of things that made the nation shudder. It was demonstrated, in a manner that ought to be convincing to all following generations, that free labor and contract are not in themselves the entire solution of the labor question ; that under their unhindered operation, with pure selfishness as the motive force, and competition as the regulative principle, a condition of bondage and misery is sure to follow far worse than the serfdom of the Middle Ages.

Toward these forlorn conditions the laboring classes in all countries have gravitated, whenever the organization of labor

has been put upon this basis. But in England especially, and to some extent in other countries also, means have been found of resisting this downward pressure, and of rescuing the working people from their degradation.

The first, and by far the most important of these measures is the combination of the working people themselves for their own protection. I cannot dwell upon the history of the trades-unions, for that is the theme of one of the following lectures, but nothing is more vital, under a wage system, in the large industry, than this right of the laboring men to organize and to secure, through their organization, better conditions of labor and better wages. This is a right which has been disputed from the beginning. By laws which absolutely forbade working men to combine for any purpose whatsoever, and which made it a criminal conspiracy for two or three of them to consult together for the purpose of securing shorter hours or better wages, the employ-



ing classes of England did their utmost to outlaw the trades-unions. Much of the violence with which they have been justly charged has been due to this tyrannical purpose to deprive them of the only means by which they could protect themselves from enslavement.

Nothing can be plainer than that there can be no liberty for working men in these days of great corporate combinations, unless they are permitted to unite in the enforcement of their demands for better conditions. It is ridiculous to talk of freedom of contract between employer and employee, when the employer is a great corporation, and the employee is a single individual. The freedom of the man outside the gates is simply the freedom of taking what is offered him or starving. The only kind of bargaining by which the laborer can preserve for himself a vestige of freedom is collective bargaining. If all the employees stand together to assert their claims, they have some chance of getting them con-

sidered. They have a right to stand together, and a right to be represented by the men of their own choice in making their bargains. They may make mistakes in choosing their representatives, and mistakes in urging their demands. Very well ; they have a right to make mistakes ; that is one of the inalienable rights of a freeman. What would our condition be as citizens if our political liberties were taken away from us whenever we made mistakes? We have learned most of what we know by making mistakes, and having to suffer for them. What the unions have no right to do is to use violence, in any way, in enforcing their demands. That is not only a crime, it is a miserable and costly blunder. But to unite, and to bargain collectively with their employers through their own representatives, with respect to wages and conditions of work and hours of labor is their right, which law must confirm and which their employers must recognize. If the wage-system is to be maintained, and the

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large system of industry is to continue, this must be accepted as a fundamental fact. The denial of it is not only unjust, it is stupid.

It was a long time, as I have intimated, before this right was even legally conceded to working men ; but after much turbulence and strife their cause prevailed ; the old laws against combination were swept from the English statute books ; and in all the English-speaking countries the unions are now placed under legal protection. The weapon thus put into the hands of the working man has often been used recklessly and sometimes brutally and tyrannically ; but by means of it he has won and maintained his freedom ; in the use of it he has gained intelligence, self-mastery, wisdom ; and if we are often impatient with his abuse of it, we must remember that without it he would surely have sunk into a serfage worse than that of the Middle Ages.

The second of the agencies which have been at work for the rescue and elevation

of the working man is that of restrictive and directive legislation. Not even the Parliaments and the Legislatures could have helped the working men if they had not helped themselves ; but there was much that could be done, especially in protecting women and children from the brutalizing effects of unhindered competition, and in safe-guarding the rights of the laboring classes. The fact has come to be recognized that freedom is a plant that does not grow wild, any more than corn or wheat grows wild ; that it needs wise husbandry, enclosures well kept, and careful tillage ; that it is the business of the state to provide conditions under which freedom can come to fruitage, and to exterminate the weeds and parasites that choke its growth. This is what the Labor Legislation of most civilized lands has undertaken to do, and there can be no doubt that it has been, on the whole, an effectual agency in promoting the well-being of the working classes. Age limits are generally fixed, below which children

may not be employed in workshops and factories; the hours of labor for children and sometimes for women have been limited; sanitary conditions, and the safeguarding of dangerous machinery have been required; the regulation of sweat shops has checked abuses that lurked in holes and corners, and the factory and mine inspection for which most civilized States have provided, has secured the enforcement of salutary laws. In England, the Factory Legislation was largely the work of members of the aristocracy, first among whom must always be named the Seventh Earl of Shaftesbury. These true noblemen made common cause with the working people, and against the opposition of factory lords and political economists, carried through Parliament the protective measures which have done so much for the emancipation of the working classes. The Factory Legislation of all the civilized lands is one of the trophies of civilization; it bears witness to the fact that the working man has not only

been set free, but that his welfare and elevation have become the care of the whole commonwealth; that in some imperfect way society has begun to understand the meaning of Paul's apologue about the body and its members.

And this brings us to the last of the forces which have been at work for the uplifting and emancipation of the laboring classes—the enthusiasm of humanity, a slowly-gathering fire in human hearts, before which, in the process of the suns, all injustice and oppression must surely melt away. All these ameliorations on which we have been looking—the disappearance of slavery and of serfdom, the enfranchisement of the laborer, the removal of the hindrances to his progress, the broadening of his path to freedom, have been due, in the last analysis, to what Mr. Kidd calls “the immense fund of altruistic feeling with which our Western societies have become equipped.” “It is,” he goes on, “the disintegrating influence of this fund of

altruism in our civilization that has undermined the position of the power-holding classes. It is the resultant, deepening and softening of character among us which alone has made possible that developmental movement whereby all the people are being slowly brought into the rivalry of life on equal conditions. And, in the eyes of the evolutionist, it is by contributing the factor which has rendered this unique process of social development possible, that the Christian religion has tended to raise the peoples affected by it to the commanding place they have come to occupy in the world."<sup>1</sup>

This silent and subtle force of humane sentiment, strong as the sunshine, resistless as the south wind in April, has already changed the social climate, but it has more work to do before "all men's good" shall be "each man's rule,"


"And light shall spread, and man be liker man  
Through all the circle of the golden year."

There is many a stronghold of greed and

<sup>1</sup> "Social Evolution," p. 165.

heartlessness yet to be stormed in the hearts of men who care more for gain than for humanity, and who are only too willing to spoil the weak for their own enrichment. We have no Roman patricians in these days who sit at their feasts and see the blood of slaves staining for their delectation the floors of their banqueting halls; but we have giants of finance, not a few, who have learned by masterful combinations to levy tribute on the life and labor of millions of toilers for the erection of fabulous fortunes. To make the world ashamed of these colossal egoists, and to make them ashamed of themselves is one task now before us. It is not a hopeless task; as sure as icebergs melt in southern seas that greed will yet be subdued to the service of mankind.

And there are other tasks not less urgent, not less hopeful. The men of toil themselves need to be brought under the influence of this same benign power. The reckless savagery with which the hosts of labor sometimes conduct their combats, in their





narrow partisanship making war on the defenseless, in their mad pursuit of the interests of their class trampling on the rights of all other classes, reveals to us a crying need of the softening of human hearts and the broadening of human sympathies. But that great "fund of altruistic feeling," which the generations have been accumulating will be strong enough to subdue these enmities and barbarisms, and to teach men how to stand for their rights unswervingly, with malice for none and with charity for all.

The labor question of to-day, when we get at the heart of it, is simply this: What can be done to bring employer and employed together upon a basis of genuine good will; to make them friends, comrades, helpers of one another?

What can be done to fill the heart of the master with the passion of service and make him see that his first and highest business is the promotion of the welfare of the men in his factory or his mine; that this is a calling which angels might covet—the no-

blest and divinest kind of work that men can think of doing? This is the first and great question.

The second like unto it is this : What can be done to inspire the men who do the work with the same passion for service ; to show them that the labor which enlarges the sum of human good is its own exceeding great reward ; to make them see that it is not by contending but by coöperating that the largest gains are made and each man's share is multiplied ?

This is the labor question for the twentieth century, and it is the question which the twentieth century must answer. I am not sure that the answer can be put into the terms of the wage-system : I rather doubt it. I think that some kind of coöperation will have to be found by which the interests of the men who direct the work and the men who do the work will be more perfectly and more consciously identified. But the answer must be found, and it must be an answer of peace. We are not going

to solve the labor question by gathering men into mighty armies and setting them to fighting one another ; that is simply madness. All war is madness ; it is the climax of unreason. Brutes and savages know no better than to fight ; for men, for the men of the twentieth century after Christ, it is not only wicked, it is absurd. The time is near when these industrial wars will appear to be as senseless, as monstrous, as the wager of battle and the ordeal by which disputes were settled in the Dark Ages.

The answer must be peace. Among men of good will there can be no other answer. And there is no permanent place upon this planet for any other kind of men. Men of ill will are not wanted here. They do not fit into the nature of things ; they do not make sense ; they make confusion, discord, chaos ; they must go. O bells of the new year, of the new century, ring them out ! ring them out ! Ring out the churl, the egoist, the sect-man, the party-man, the class-man ! Ring them out from church and

school and council chamber and capitol,  
from office and counting-room and shop and  
factory !

Ring in the valiant man and free,  
The larger heart, the kindlier hand ;  
Ring out the darkness of the land,  
Ring in the Christ that is to be.



## **II**

### **THE CORPORATION**

**By TALCOTT WILLIAMS, LL. D.**



## II

### THE CORPORATION

THE mere term "corporation" has many meanings and much history. It can be approached from many sides and discussed from many aspects, historical, legal, and social, as it is considered a part of the past of the race, the creature and product of law, or an integral share of the development, machinery, and working of society. In presenting each of them it would be possible to detach ourselves from its human relations, and by concentrating attention on the impersonal character of the corporation, on special phases of its vicious legal management, or on the extent to which, actually or apparently, it moves towards monopoly, to justify any preconceived view.

I prefer, instead, frankly to accept the term "corporation" as it appears to have



been intended to be used in this course, as defining the current corporate organization towards which the management and direction, the ownership and control, of capital steadily seem to tend, supplanting, and in some broad fields, altogether excluding, individual action, activity, and ownership. Public corporations, properly so-called, from the state down to the smallest town or the least important board, corporations ecclesiastical, charitable, or in education—all the wide category of incorporation which in various forms, created by statute law or recognized by common law, deals with the non-profit-making offices of the corporation, we sweep aside. They are beside our purpose. Our attention is concentrated instead on that specialized group of corporations which principally engages our attention in any companies' act, engaged in the work of production, mining, manufacture, banking, insurance, transportation, and distribution. When Blackstone wrote, these corporations played so small a part that he gives them

less space than he lavished on the manifold subtleties of the corporation sole. To-day, when men speak of the corporation law or write on corporation law, they think of nothing else. These are the "corporations" in the modern sense of the term. The issue they present is whether the substitution for the individual of the presence and existence in dominant control of the corporation in substantially all the activities of modern society in production, transport and exchange, outside of agriculture (the farm is still as individual in control, work and ownership as was once the mine, shop, forge, cart, stage and bank) is for better or for worse.

The extraordinary phenomenon that a form and mode of human association, existing for centuries and developed under all law, once used almost exclusively for relations whose phenomenon demanded the continuous life of some legal creation that would carry on church, college, board, or guild, has suddenly become the chosen ma-

chinery for the swiftest, the most temporary, and the most immediate needs of society, has aroused controversy and created alarm, quickened by no other change in the modern organization of society. The corporation in its new form overshadows society. Men fear it. They attack it. It plays the part which in the eighteenth century, and even in the first half of the nineteenth century, was taken by "tyranny" and "superstition." Who hears of these bugbears of the past to-day? But when a newspaper draughtsman with a gift for caricature and the artist's sympathy for the fears and feelings of his fellow men, desires to touch a common chord, he portrays "the corporation" or "the trusts" in the vast ogre before which the honest citizen shrinks and cowers as the dinosaur might have chased primitive man as his luckless quarry, if the two had trod the earth together.

I count myself fortunate in being able to take up this overmastering issue in this

course on the platform of a Christian Sociology, the only platform on which it can be solved. Such a sociology recognizes no law but love, and love as a law. It devoutly believes that the universe is friendly, and moves steadily forward in all its development from star to society to make the working of universal love more visible and the freedom of spiritual beings to love one another, more complete. Rejecting selfishness as the mainspring of social relations, it asserts selfhood and its development as a guide.

If there are some things which challenge this view, there are more that support it. There is enough, at all events, in its favor to make it a sound working hypothesis, to which one can adjust partially known facts, since most tend in this direction. Three relations every man has; one to the State that rules, one to the faith that inspires, and one to the economy that supports. In two, a democracy based on free selfhood is already supreme. The last one great, power-

ful despotism which survives, Russia, is moving to an unequal conflict with a State which within a generation has embraced free constitutions, and owes all its strength to its conversion from autocracy. The history of the modern State is a development from an hereditary and more or less hereditary executive, owning his power so nearly as property, to take a familiar instance, that the law of real estate is the one by which the descent of the English throne is regulated and gradually differentiated, into a vast number of nearly equal holders of political power whose consent regulates the rule of the State. All civilized States have not reached this democratic organization; but in this direction all States tend.

The Church in the broadest sense, the visible body of man working and walking by faith, as the State is man in rule, moves along the same path. The priest, too, was once absolute in his powers and hereditary in his functions. He, too, once owned his office, and his priestly functions are still

treated by English law as closely akin to a realty fee. Here, too, we are all aware that under the influence of the democratic spirit and a democratic development, an hereditary priesthood disappears, and is succeeded by priests chosen by their people. The Pope himself is an elective monarch, in theory chosen by the bishops, priests, and deacons of the churches that once made his ancient diocese. As with the State, the organization of the Church in all its forms tends more or less completely towards a democratic ideal in which the different powers of the mass of the faithful come in various forms to select, direct, and leave in control the spiritual heads of the faith.

What is true of the State which rules and the faith which inspires, must in due season be true of the economy which supports. Nor can we wander wide from the future path of modern progress if we raise in either hand these twin lamps of history to light our way, and test present and future change by the question whether the economic

changes brought by the corporation tend towards a democratic organization of the economic structure of society in which selfhood becomes more or less vital, visible, and charged with recurrent volition. For the essence of civil freedom is that will returns to the individual periodically. By this standard we judge the organization of the State and the Church, and by this we have a right to say the economic organization of society must stand or fall. If it become increasingly democratic as has the State and the Church, it moves in the right direction, and if not, not. By this democratic sign, flourishing and flowering best under the most democratic of faiths, Christianity, man's selfhood conquers.

The corporation, like all other social phenomena, must submit to this test. The object of the democratic organization of society is to give the individual initiative, opportunity, and security. Unless the corporation do this, the stars in their courses fight against it. It is in its origin the joint

product of Roman and English law. With the general attributes of the body corporate, its permanence, its artificial character as a legal person, able to hold property, self-governing, limited in its powers, activities, life, and existence, by the State which creates it, every intelligent person may be assumed to be familiar. The structure of the ordinary gainful corporation with its shareholders, directors, and charters, is perhaps more frequent in American life than in any other. No one of us, not a tramp, but has at some point, corporate relations, and it is probable that a majority of Americans to-day, directly or indirectly, own corporate property.

The American development of the Corporation is thus diffused because in part the American theory and practice of the corporation has blended the twin origins from which it springs. The Roman collegium was a voluntary association, already organized or existing, to which the imperial rescript gave the permanence, powers, and



standing of a corporation. Even this came late. Earlier the mere existence of the associate body, the priests of a temple, the brothers of an ancient rite, trade, guild, or beneficial association, by virtue of its organization formed a collegium, for which later, as the imperial power extended its immediate supervision, a rescript was necessary to give corporate powers to a body already acting as a unit. In English law, borrowed in this respect from the Roman, in its completed form, the charter creates the corporation. It exists solely because the State gives it life, permanence, and power. It has no other origin and no other authority, and its powers all begin, live, move, and have their being, within the area of action provided and limited by this authority and act of the State.

American law, more in practice than in theory, which last indeed follows in English steps, has combined these two views, and has been followed therein by more recent English statutes. The State still

stands as the source and fountain of origin and authority for the corporation, but under "general" corporation acts, any group of citizens can obtain this power. By a blend of the two methods in which the State in Roman law recognized associations already existing, and in English law created them anew, the State leaves open to every association and enterprise, which chooses by its own initiative to use them, the sovereign powers of creating a corporation.

Corporate powers and their franchise have in their evolution and development passed through the same stages as the various franchises of that greater corporation, the State. Citizenship and the exercise of the various "freedom" of the citizen was once only secured by the act and grant of the State. Within narrow limits—as in a citizenship making one eligible to the House of Commons—these limits still survive in England. With us, the act and initiative of the individual, subject to judicial record and regulation, open all the "free-

dom " of citizenship, save one—the presidency, the last relic of the general rights once jealously reserved, save as opened by special statute, to the "native born." In both countries, what was once a privilege, has become a general right.

Parallel too with the changes by which many of the rights of citizenship, the practice even of certain crafts, once wedded and limited to residence in a particular place, a residence not to be acquired by mere domicile, have now become general, acquired at will, as men come and go, corporate ownership and responsibility has been rendered capable of passing from hand to hand. Any man can acquire any franchise of citizenship and count but for one. Shares are the franchise of a corporation. Once they only passed under various restrictions. They pass now with a constantly increasing freedom, and constantly approximate in their powers to the rule of a majority. French law retains the continuous responsibility of the holder of corporate shares, whose losses can in cer-

tain cases be followed back through past holders of record, a responsibility evaded by selling a registered right of ownership, instead of the share itself.

Corporate shares carry with them under these conditions a liability akin to that of our national bank shares, but reaching all past holders and not the present holders only. Corporate credit and corporate stability is promoted ; but at the cost of the free use of corporate powers under a responsibility limited in amount to the present holder and defeasible. Here again, as in the State, the tendency in the corporation is to relieve the individual of risks for exercising a franchise, (that is owning shares), once hedged about with responsibilities, as the franchise of citizenship was itself once, in fact, and not, as now, only in name, burdened with certain responsibilities in war and in public levies.

For good or for evil, therefore, exactly as citizenship has been diffused and freed from immediate personal limitations so through

manifold changes in American corporate law, some the work of legislation and some the work of the courts, the creation and use of the corporation has become a privilege free to all for every purpose, and the ownership of shares in a corporation, or the direction of its affairs, has been lightened of almost every past burden which rendered the transfer of this property difficult or a part in its management perilous. Whether this be wise or not, I am not now discussing. The last English Companies Act records a distinct reaction towards increased fiduciary responsibility in promoters and managers, and increased powers of control in shareholders. Our own legislation will doubtless take a like course. But for the present, I am only pointing out that under a development as complete as it has been unconscious, we have carried to their farthest limit the emancipation of these artificial persons. They do business under any sovereignty and are, in New Jersey at least, expressly endowed with powers which they

can exercise only outside the sovereignty which creates them. Their shareholders have a responsibility so limited that in practice it is of the rarest for creditors to seek to levy upon it and as difficult for the shareholder to exercise it in his own protection. Lastly, the directors and managers, while in theory bound by a strict and enforceable fiduciary responsibility—as are so many public offices—have, like them, come in practice to be free from the attempt to enforce these responsibilities. At all points, as will not escape the attentive, the corporation, once limited, rigorous, and crowded at all points with burdensome responsibilities for corporation, manager, and shareholders, has gone through changes akin to those with which we are familiar in the democratic State which, while it has laws and penalties to enforce its working and the responsibility of its citizens and public officers, yet, as we all well know, really depends for its working on the power of public opinion, rather than on statutory

penalties. One might almost say that trials for treason and the once familiar proceedings of *quo warranto* against the life of a corporation, once frequent, have both disappeared together in practice, though both remain in full force, in the analogous changes which have affected the State and the corporation.

Corporations were infrequent, and their creation was treated as a matter of solemn moment a century ago in any English-speaking legislature. Even charitable corporations were challenged before they were given life, and so innocent a step as a charter to the first missionary society, The American Board of Commissioners for Foreign Missions, led to days of debate in the Massachusetts Legislature. Corporations are to-day free of these trammels. Yet few realize or comprehend the extent to which the entire property of the country is passing under a direct corporate title or corporate titles to mortgages on property. It may be doubted if, a century ago in this country,

more than one per cent. of its wealth was held by a corporate title. Some sixty to seventy years ago, when the transactions of the New York Stock Exchange began to have a newspaper record and a rude list began to be made of its securities, the aggregate of all securities which could be dealt in upon its floor cannot have been much over \$500,000,000. A very simple calculation will cover them all, at a time when public debts were small, banks and insurance companies few, and railroads had not begun to be, while the manufacturing and trading corporation was substantially unknown. In 1850, the wealth of the country was \$5,000,000,000. It was not over \$3,000,000,000 between 1830 and 1840, and may at the utmost have reached \$4,000,000,000. Public and corporate securities in all their forms were then in all probability from an eighth to a fifth of the wealth of the country. They may have been less. They could not have been more. This was true within the lives of men to-day figuring on the boards of



corporations whose aggregate capital is more than the gross valuation of the United States, when they were born.

The wealth of the United States in 1900 is placed at \$93,000,000,000 and may four years later have reached a round \$100,000,000,000. Figures like these, let us not forget, are approximations, mere measures of relative value. They are not to be accepted as exact statistical statements, but they afford some means of comparison. Railroad capital, shares and bonds, and the capital of the new manufacturing and trading corporations, known as Trusts, and various forms of public indebtedness, aggregate some \$25,000,000,000.<sup>1</sup> By no means are all these "listed" on the New York Stock Exchange. Some could not be. But the possible ag-

<sup>1</sup> The aggregate capitalization of the railways of the United States on June 30, 1902, was \$12,134,182,964, \$6,024,201,295 in stocks and \$6,109,981,669 in bonds. About one-sixth of this, \$2,208,518,793, is owned by railroad corporations. "Trusts" are subject to no exact statistical showing. Their aggregate capital is variously estimated from \$4,000,000,000 to \$6,000,000,000. The public debt of the United States in all forms is about \$2,000,000,000.

gregate is not less than the sum named. Nor is this extraordinary. The aggregate listing of the London Stock Exchange is about \$30,000,000,000, and includes a wider range than our own of foreign securities. From a fifth to a fourth of the aggregate wealth of the country is therefore represented by shares and obligations of larger corporations which are either on the Stock Exchange or can be placed there whenever desired.<sup>1</sup> If we add to this the banks with a capital of \$1,000,000,000, savings banks whose depositors own (1902) \$2,750,177,290 and whose liabilities are \$2,893,172,980, life insurance companies (1903) with assets of \$2,091,872,831, and fire insurance companies with stock and assets of \$481,548,288, we have in this round aggregate some \$6,500,000,000 of corporate possession. Besides these great groups of railroads, manufacturing corporations, public debts, banks, and

<sup>1</sup> For many years, as is well known, the Pennsylvania Railroad Company, the largest railroad corporation in the country was not listed on the New York Stock Exchange.

insurance companies, there are the myriad lesser companies in every city, town, and hamlet, each year engrossing a larger and larger share of the business of the land. Every year and every place sees the individual and the firm succeeded by the corporation. Their number, no one knows. No statistics include them. Not even the tax gatherer reaches all. The corporations, so to speak, visible in great masses, cover more than a quarter of the national wealth. Add the lesser and more numerous corporations, and it is not improbable that half the wealth of the country is held by a corporate title, direct or indirect.

Realty remains as yet under private ownership, except as it is held by corporations for the purpose of carrying on their business. But realty cannot long escape the operation of causes which have engulfed, in due order, the banking, the insurance, the transportation, the manufacturing, and the distribution of the country. Great realty corporations own a large part of the area

of Paris. Their shares are favorable forms of small investment. They give those of small capital their part in the profits of city realty and the unearned increment. The realty corporation has begun to appear here in New York. It takes no prophetic instinct to predict that here, as in other fields, the corporation will take the place of the individual. The great estate and the individual owner will both disappear before the corporation in the ownership and management of city real estate, as the individual has disappeared in each of the other great fields. The department store and the newspaper, the hotel and the restaurant, have already gone through this change in England and are visibly passing through this change here. The farm may for a season resist the movement, and may remain the last example of direct personal ownership when the other four-fifths of the property of the country is held by corporations.

The number and capital of corporations has a steady proportional growth in all

lands. Under all laws, there is a want of correspondence between the nominal capital of corporations and the real value of the property they represent; but the capital in new companies is a measure, if no more, of the steady progress of property from individual or personal to corporate titles. It is now sixteen years since a Belgian journal (*Moniteur Interete Materiels*) published a return of the issue of new securities in this country and Europe for sixteen years, 1871–1886, inclusive. The aggregate in this period was \$21,366,000,000. Of this sum, only a third (\$7,005,000,000) was represented by railroads and industrial enterprises; twelve per cent. (\$2,563,920,000) by bonds; and the remainder, a little over half (\$11,807,608,000), was of public issues.

But it is noticeable that through this period, these decreased, and railroads and industrial enterprises increased. In the first year recorded, 1871, of issues of \$3,118,000,000, seventy-four per cent. were public loans; ten per cent., banks; and but sixteen

per cent., railroads and factories. In 1886, out of \$1,341,000,000, only forty-six per cent. were public loans; eight per cent., banks; and forty-six per cent., railroads and factories. The first year was, one must remember, the period of heavy issues of public loans by France, Italy and other European countries, and the last a period of industrial expansion; but this is the course new issues have taken for thirty years. They were once three-quarters public loans. They are to-day, in almost this proportion, the shares and bonds of companies, in transportation, production, manufacture and distribution. In 1903, the same authority gives the total world issues (United States, Japan, and China incomplete), as \$3,602,434,100, evenly divided into reissues \$1,758,942,330 and new demand \$1,913,491,728. Of the last, governments issued but 26.84 per cent. In all, the world's new issues in full years are \$2,000,000,000 to \$2,500,000,000; but in poor years, 1894 or 1895 for instance, as low as \$1,000,000,000.

These issues are, in a large measure, in exchange for shares and bonds already issued, but on the average this re-issue cannot be more than a third of the whole, and is in general less. The London *Economist*, 1881–1890, gave the new capital placed on the English market at £1,326,000,000, of which £1,083,000,000 were money calls or seventy-nine per cent. of the whole. The aggregate of these issues has reached a level in England, no longer exceeded. The aggregate in 1881, £190,000,000, and in 1889, £207,000,000, has not since been exceeded, but the average for the five years 1897–1901, was £155,097,000, and in the five years 1881–1885, £100,600,000. The large recent totals are, it is true, due to government issues, sixty-one per cent. in 1901, and forty per cent in 1900, but even these mark the conversion of private funds into a public mortgage and the proportion of government loans was as large in earlier years. In round numbers, each year in England sees, on the average, \$500,000,000 go into new

corporations, railroads and industrials, against \$300,000,000 some twenty years ago. These are, however, literally from companies the world over. The corporations organized in the last ten years in the United Kingdom numbered 38,928, and had a capital of \$2,800,000,000.

In Germany, the aggregate of new capital asked for was \$500,000,000 in 1902; \$452,150,000 in 1901; and \$394,800,000 in 1900; but three-fifths of them are public loans (in 1902, sixty-two per cent.) and the commercial corporations, industrial, railway, etc., are small compared with those of England or this country, in 1902, \$23,590,000. Where, in 1896, there were in Germany, 376 companies with a capital of 128,483,700 marks (\$32,120,925), there were, in England, 4,291 joint stock companies with a nominal capital of £264,517,977. A like disparity exists with other European countries, Russia, in 1896, having companies with a capital of 239,424,000 roubles. In an Asiatic country, like India, with fourfold the



population of the United States, and nearly the population of Europe, there were, in 1896, 1,309 with a nominal capital of 41,891,447 R., and a paid up capital of 27,668,773 R.

Whether the corporation be or be not the measure of civilization, there is no question that property tends to pass under corporate title, in a tolerably close relation to the advance in the social, industrial, and financial organization of any country. Under Oriental law and custom, as under early Roman law, and at many points in civil law, as finally summed up in the Code Napoleon, the family itself has a certain corporate unity, is, if one do not press this legal terminology too far, a quasi corporation. The child, by birth, acquires certain property rights, a quasi franchise in the family property and succession of which no testamentary act can divert him. In Hindu and Mohammedan family law, in the usage and custom of Chinese society, the family is a continuous succession, whose living members hold little more than a life interest in

the family property. Custom and prescription render its free transfer and sale difficult in habit and practice, though possible at law, and no parent can deprive his children of all their inheritance. The wife's dower right in realty is the last shred in our common law of this continuous succession and property right, and it will doubtless, like the right of courtesy enjoyed by the husband, be gradually retired by statute. With the disappearance of this vested family interest won by descent, of which recent English legislation has left so little, and to which our own statutes and decisions are so unfriendly, there steadily grows the mobile corporate title which, in the bond, passes by delivery ; in the case of the share, passes by registry ; and when indorsed in blank, under a long series of decisions (not of late altogether consistent), giving legal force to the law merchant's usage or the custom of the Stock Exchange, the share itself passes from hand to hand by delivery. If of persons, we can say with

Sir Henry Maine that the progress of society is measured by the change from status to contract, so of property we may say that another measure of civilization is the progress of property from an immobile title under the joint ownership of that natural and indissoluble corporation, the family, created by status and in the earlier stages of society, knowing no transfer for realty, to the mobile title of the artificial corporation created by law. These corporate titles to property tend more and more to pass from hand to hand by delivery, their testamentary disposition is in this country and in England unrestricted. No status acquired by birth gives control of them. It doubtless still remains true that they and their usufruct can be entailed for a life and lives in being; but the courts regard this with no friendly eye and are perpetually seeking to limit the exercise of this power. Exactly as political power was once a concomitant of descent, blood and race, not to be acquired through any individual or personal act by the *peregrinus* or

*metoikos*, and has come to be a right acquired over a great area like our own national territory made up of associated sovereignties by a mere change of domicile, and is, among most civilized nations, gained by naturalization or the territorial birth of the children of the alien, so property under the influence and working of the corporation, tends to develop and change from conditions under which it passed chiefly and as far as realty was concerned only by birth, to a corporate title which passes at will and in whose ownership and on whose transmission birth has no necessary influence or claim whatsoever. From status to contract for the person, from immobile titles indissolubly associated with the family bonds to mobile titles created by corporate ownership—these are the twin changes, parallel, analogous, and similar, through which persons and property pass in the development of society.

Nor, since this is true, since status for persons matches family ownership in property, and contract, corporate titles, is it sur-

prising that the corporation overshadows widely as it develops and its title engrosses a larger and larger share of the gross property of any community? In its development, we are plainly contemplating not the mere accretion and aggregation of property to be represented by some shapeless prehistoric and semi-savage figure stalking around about, over and on, the rights of the "common people," but the final and inevitable form in which property rights are to be cast. Exactly, as the democratic republic is one in which political right and power are diffused among "the people" and is periodically exercised at recurrent intervals by the general body of qualified citizens, so the great reservoir of national property, which matches the reservoir of stated national political power, is destined to be steadily and continuously divided into a great mass of corporate titles, represented by bonds and shares, whose transfer becomes easier and easier, for which law and custom steadily create a readier sale and which might, if

their diffusion is actually in progress, finally give an ownership of property by corporate title as complete, as general, and as evenly distributed as the right of suffrage. Men are alike in having but one vote; but men vary greatly, for good reasons and ill, through the justifiable exercise of their powers and their unjustifiable use, in their influence over votes cast. So also, it is plain, that there might come a time, first in great corporations, and later in corporate property as a whole, in which the diffusion of property was extreme, though its control was in the hands of a few. Something like this is already apparent in corporations with many thousands of shareholders, but whose real control remains in a small governing group, holding but a small share of the total aggregate of shares individually, though voting an overwhelming majority of the shares held by others. They constitute, in short, a corporate "machine," which matches in its development the political machine.



Yet whatever analogies may be drawn between the development of personal rights and corporate property titles, we are all aware, that the widening shadow of the corporation which has eclipsed individual ownership for half the property of the United States and is plainly destined to embrace all, except possibly farm lands, is repugnant to our industrial ideals. Exactly as the Greek philosopher saw in the small city, where every citizen could be known to every other responsible participant in the common sovereignty, the ideal state, so our industrial and economic ideal looks to the small and individual property or business unit. Exactly as we deem the State happiest, where land tends to divide and subdivide into the small farm held by the single farmer and capable of being worked by him with a hired man or two, so our economic ideal is the shop or the factory, which has been created by one individual, is owned by one man or a small firm, has its small force of hired operatives, and is

throughout personal and individual in its inception, management, and ownership. In spite of the fact that the number of mercantile firms in thirty years has grown three times as fast as population or twice as fast as wealth,<sup>1</sup> there is a perpetual lament, often by college professors from whom one might at least expect some effort to learn the facts, of the disappearance of the days when a man could, with a small capital, start a small business, see it grow, and enjoy an independent economic activity akin to that of the small farmer or, one may add, the small Greek city of the fifth century before Christ or the mediæval borough of the twelfth or thirteenth century after. Public feeling, ordinary editorial and popular discussion, and even economic theory

<sup>1</sup> The number of mercantile concerns engaged in business in the United States in 1866, according to the best obtainable information, was about 160,000. During the past twenty-five years, the number of mercantile concerns has about doubled, and is now 1,300,000 (*Dun's Review*, April 9, 1904, p. 7). The increase in number, 1866 to 1904, thirty-nine years, is eightfold. Population in this period has a little more than doubled, and wealth has quadrupled.



contemplate the vast growth of corporate wealth, much as we can imagine Aristotle aghast at the United States as an arena for self-government. Its size would appal, its bulk affright, and he would regret the disappearance of the small city with its vivid life, its immediate responsibility and its individual civic activity. It is probably true, in spite of the very great increase of separate firms, an increase so much faster than population or wealth that there never was so good or so easy a chance to start in business as just now (except to-morrow), that the relative importance of the firm and the individual man has very greatly decreased, is diminishing, and tends to disappear. The modern career is not there. It is in the great corporation, in its management or in its service, in its ownership or in being owned by it. Sometimes both. No men are often more completely the slaves of great corporations, than those at their head. Many of them, though fabulously rich, work hard all their lives on

board wages, and enjoy no fruit but the sense of accretion which is quite as unconscious when a man is about so rich as when a man is about so fat.

The corporation, especially in its later development in the "Trust,"—which is after all only a very big corporation with a very loose constitution as exactly suited to arbitrary power as is a new overgrown empire—is therefore held by all instinctively to be opposed to the individual. Since the small business begun on a small capital is less and less the accepted career of success, though more numerous than ever, the general conclusion is that as the corporation grows, the individual withers. Yet so far as the ownership of property goes, the corporation has enormously added to the individual opportunity. In a primitive community, there is nothing for any one to own but a few personal implements. All are poor and starving. This condition existed for æons. Its gates can always be reopened by destroying the delicate

and organized activities on which rest the general supply of the necessities of life so widely enjoyed by all to-day that famine has ceased to be a peril in civilized communities.

As society develops there is little but land to own, and this is worth little to any but those who cultivate it. In our colonial communities, disposable wealth was owned by very few and they made money very rapidly. Banking and business profits were inordinately large and the man who got a little the start of his neighbors could early retire and sweat heavy interest out of the community on a small capital. The small worker, mechanic or professional man, had next to nothing in which he could invest, one hundred or one hundred and fifty years ago. There were no savings banks, no life insurance and no corporation shares. Banks and business were all on a family basis. The whole country was in the condition of some rural southern communities where there is nothing in which to invest and no

one can make money except the small shop-keeper, and relative to the savings of the rest of the community, he makes a great deal. This early industrial condition has left its depressing record in the long succession of legislation from Solon down—to use the name as the convenient designation of a group of facts—which seeks to ameliorate the condition of debtors. Such laws always come in the period between the early organization of industry and of the economic state and the creation in some form of mobile titles to property in which every one can share. Until the corporation makes investments possible for the individual, no one has any chance to share in the general growth and uplift of the community, but the banker and business man who loans and manages his own capital charging the heavy interest and making the heavy profits familiar in our colonial period and in all new countries.

The corporation, instead of rendering more difficult the position of the average indi-

vidual man with only the average initiative and average earnings, gives him the only hope he has had from the beginning of a general share in the profit-making activities of society. Under the organization of society where the individual started in business, banking and manufacture, and individual ownership was the rule, the owners of the industrial agencies of society were few and those employed by them were many. The reverse comes to be true under the corporation. The stage coach lines of seventy and eighty years ago were owned by small firms and had hundreds of employees. The railroads of the United States in 1902 had 1,189,315 employees, and the number of persons owning shares and bonds were 950,000, as estimated in 1897. As will be shown below, the number of shareholders grows faster than that of employees. It is altogether probable to-day that the number of railroad employees is little greater than the number of share and bondholders, an equality which never existed in the

ownership of the instruments of transportation earlier.<sup>1</sup> The older the company, the more numerous the shareholders. In the Old Colony Railroad, the average holding is twelve shares. The Boston and Albany in 1894 had 8,220 shareholders and 5,902 employees. It is true of most of the New England railroads to-day that the shareholders exceed in number the employees. It is probably a mere question of time when first railroads and later industrial corporations will have more owners than employees. A great trading company, like Lipton's, in England, has already reached this point, with 75,000 shareholders in 1898. A great department store in this country will usually have six to ten owners and from 3,000 to 7,500 employees. To-day, these are

<sup>1</sup>Sereno S. Pratt, *World's Work*, December, 1903, quotes an estimate in 1897 of the holders of stocks of railroads, as 950,000. This would be only half the capital and call for twice this to own the bonds as well. The Michigan Railroad Commissioner, in 1893, gave \$372,761,847 of shares of railroads in that state as held by 16,627 persons of whom 1,038 lived in the state. This was an average of 224 shares. Extending this for the country would give about 550,000 owners of shares and bonds.

either firms or small family corporations. Let them once take the corporate form, their shares become a field for investment and, like Lipton's, the shareholders will be more numerous than the employees. In the Pullman Palace Car Company, in 1894, at the time of the great strike, there were 4,497 employees on the average for 1893 and 3,200 shareholders. Of these, 1,600 were women and 300 trust estates and institutions. No fair-minded man, called to consider the conflicting claims of capital and labor, could fail to weigh the claims of 1,600 women, 300 trusts and institutions and 1,300 other shareholders as numerically representing interests as important to the thrift, stability, and well-being of the community as the employees. Increasingly, under the great corporation, the view that the community has to consider the few in dealing with the profits of capital and the many in apportioning wages is destined to disappear.

This distribution of corporate wealth is

universal. The corporations of France are owned by about 7,000,000 holders, a number about as large as the realty holders in the Republic. The average holdings of French railroad shares range from twelve of five hundred francs each in the Western Company to eighteen in the Northern. This is a proportion far below our average holding, which may be roughly estimated at from thirty to forty shares for most of the New England roads, about ninety in the Middle States and in railroads like the Illinois Central, and twice this in other Western lines. In France the registered railroad debentures, \$2,000,000,000 in par value, have 656,194 certificates, an average of \$3200 to the certificate. About two-thirds of French railroad securities are registered, and the rest pass from hand to hand. At the close of 1889, when these facts were collected by M. Neymarck, the holders of French railroads, whose market value was \$32,000,000,000, must have been nearly 1,000,000. This property reverts to the state between 1953



and 1960, when the concessions expire.<sup>1</sup> It is certainly a grave question whether the general stability of society will be best promoted by the presence of this army of small holders (whose average holding in 1890 yielded \$87.60 a year), or by state ownership.

Where the corporation is large, the increase in the number of shareholders goes on with inexorable regularity. The Pennsylvania Railroad had in 1880, 13,867 shareholders, in 1890, 21,200, and in 1904, 44,500. The average holding remained for many years almost unchanged, new issues meeting the increase in shareholders. The average holdings were 99.33 in 1880; sank to 86.73 in 1884; rose to 108.72 in 1889, and sank from this point to 97.20 in 1893. Panic came and the return of large blocks from England, and in 1903, the average was sixty shares, in spite of large purchases by insurance companies. In every period of depression there comes the increase in the number of the small holders, and no in-

<sup>1</sup> Paris Statistical Society, 1890.

crease in shares can greatly alter this relative position.<sup>1</sup> The New York, New Haven and Hartford had in 1887, 3,545 shareholders, with a capital of \$15,500,000; in 1893, 5,319, with a capital of \$32,938,000, and in 1904, 11,032, with a capital of \$54,685,000. Holders and capital have trebled together, and the average holding has remained substantially unchanged. Where one can go back earlier, the increase is still more remarkable. The New York Central and Hudson River Railroad was consolidated in 1869, with 1,212 shareholders. By 1891, twenty-two years later, they had grown almost eightfold to 9,505. The Illinois Central had, in 1884, 2,217 shareholders (exclusive of the Dutch Trust), an average of 110, and in 1893, 4,823, an average of ninety-three.

All corporations show this steady increase in the number of their owners. The American Express Company, founded by

<sup>1</sup> See account of increase in shareholders in the panic of 1893, *New York Sun* August 8, 1893.

two or three men, had recently 4,080 shareholders, forty shares to the holder. The shareholders in the Bell Telephone Company were 3,639 in 1896, and 6,882 in 1898.<sup>1</sup> In 1881, the Western Union Telegraph Company had 1,701 shareholders; in 1891 4,645, and in 1904, 12,242.<sup>2</sup> It is also noteworthy that in 1881 brokers held 391,054 shares and investors 408,946; while ten years later brokers held 178,666 shares and investors 683,334, a proportion more than maintained since, so that the increased ownership was accompanied by a decrease as constant in the use of these shares as counters in the stock market.

The distribution of ownership is in progress more rapidly in industrial corporations than in any other. The Standard Oil Company, when first organized, had forty-five shareholders. In 1891, it had 1,675. In 1901, it had 4,000, and the number now is considerably larger. A newspaper list, in

<sup>1</sup> Boston News Bureau, September 10, 1896, and April 28, 1898.

<sup>2</sup> Official Return, Mass.

1901, gave the shareholders of twenty-five trusts, with a capital of \$850,105,725, at 56,208.<sup>1</sup> Among these was the Standard Oil, and its increase of nearly one hundred-fold in its owners was probably equaled by the other corporations. From twenty to thirty years ago, five hundred or six hundred persons probably owned the various properties to which 56,208 holders enjoyed title in 1901. When the Sugar Trust was first organized in 1885, the refineries consolidated had not over 250 to 300 owners.<sup>2</sup> At its last meeting, the American Sugar Refining Company had 11,000 shareholders. The Trust, when organized, melted ninety per cent. of the sugar used in the United States, and the separate refineries divided the profits among some three hundred persons. The Trust melts now about half the sugar used in the United States, and pays dividends to about thirty-sevenfold more persons. A small hall, nineteen years ago,

<sup>1</sup>New York *Commercial Bulletin*, December 6, 1901.

<sup>2</sup>This statement is made on the highest personal authority.

would have seated the owners of all the sugar refineries. To-day, no two opera-houses could hold them. In 1885, their 250 to 300 owners employed about 6,000 wage-earners. In 1903, the 11,000 shareholders of the Sugar Trust were hiring from 7,000 to 8,000 wage-earners, if those employed were in proportion to the sugar melted. In all the sugar-refining industry in 1900, only 14,262 wage-earners were employed.

This is the general experience. The total number of iron and steel establishments in 1870, were 808, and in 1880, 1,005. The primary iron and steel establishments, furnaces, ingot and rail mills, were owned by not over 1,500 persons in 1870, and by 2,000 or more in 1880. A decade ago, when a number of iron and steel plants were under corporate ownership, the total number of owners was probably from 5,000 to 10,000, at a most liberal estimate. The Steel Trust, American Steel Corporation, was organized with 15,000 common and 10,000

preferred shareholders, in the companies it absorbed.<sup>1</sup> In two years this number has trebled. It is a mere question of time when even in this corporation, the shareholders will exceed the wage-earners. If the purchase of shares by those employed by the company continues as it has begun, in spite of the surrender of many shares, the plant, in the end, will be owned by those who work in it. Steadily, this great change takes place. The men employed in a plant know its capacity and condition. They have confidence in it. The country over, in railroads and industrial corporations, the purchase of shares by employees continues, just as the local ownership of railroads mounts and increases. Each year sees Western States owning more of their own railroads.

What is true of these greater corporations is true of lesser ones. Two-thirds of the manufacturing product of Massachusetts, or \$594,112,374 out of a total of \$945,183,889,

<sup>1</sup> Wall Street Summary, February 18, 1903.

is produced by 1,347 corporations and \$90,013,319 by nineteen industrial combinations.<sup>1</sup> The corporations are owned by 45,649 persons, over a tenth as large a number as are employed in manufactures, 395,294. About one-fourth (\$261,068,199) of the product is produced by 3,139 firms, which have 4,846 members. If these two classes employ wage earners in proportion to their product, the corporations have 45,649 owners, and 245,000 employees, and the firms, 4,846 owners and 106,000 employees.

The diffusion of ownership through corporations is in progress in all fields. The National Banks of the country in 1876, were owned by 146,000 persons when they had a capital of \$501,568,564. In 1902 their capital had risen not quite one-half, to \$701,990,554, and the owners were 330,124, over double. Nor does this express all, for two-fifths of the National Bank stock in Boston is held by savings banks. Life insurance

<sup>1</sup> Statistics of Manufactures, Massachusetts, 1902.

policies rose from 679,690 in 1880 to 4,160,088 in 1902, sixfold, and the sum insured only fivefold, from \$1,564,138,532 to \$8,701,587,912, a decrease in the average policy.

Between them the holders of 17,608,212 life insurance policies, regular and industrial, and 6,666,672 savings bank depositors, own assets to the amount of \$4,841,000,000, and of this \$2,000,000,000 is corporation shares and bonds. Making every allowance for duplications, there is still here a broad base of ownership which widens by millions the diffusion of property rendered possible by the corporation and its mobile titles.

This distribution has its sharp limits. The average holding in savings banks is \$418; in life insurance is \$2,090; in National Bank shares, twenty-four, or \$2,400; and in our larger railroads, from \$3,000 to \$9,000, with some having an average holding in par value of \$1,200 to \$3,000. These are low averages, measured against the past, but



they do not penetrate far into the mass of the community. Figures like these exclude. The savings bank account is often the refuge of the well-to-do. The other sums measure accumulations above the average. But the size of these holdings steadily diminishes. Each decade sees them smaller. They are sweeping through the community. With all their manifold duplications, they mark the elevation of entire strata of the community to the level of a divided but real share in capital, and the work of the employer.

The diffusion of ownership is, so long as it is restricted to these larger sums, of less importance to the great mass than freedom of employment. Initiative, opportunity, and security are the three requirements of a free life. Life must be open to a man, to begin for himself. There must be opportunity for advance. Security must be created for the steady wage and provision for age. Unless these things exist, any economic system must be held wanting.

So far as mere employment goes, the case could be unhesitatingly rested on the last census. The assertion is constantly made that the gate of employment is closing. Yet those engaged in gainful occupations increased one-half faster than the population, from 1880 to 1900. These are the twenty years in which the corporation has cast its shadow over the land. In these years, population has grown one-half, from 50,155,783 to 76,303,387. Those engaged in gainful employments have risen from 17,392,099 in 1880, to 29,285,922 in 1900, over two-thirds. The share at gainful work yearly grows. It was a bare third in 1880. It was over this fraction by 4,000,000 in 1900. It was twenty-nine per cent. in 1880. It was thirty-eight per cent. in 1900. Yet the increased demand of a more complete organization with this increase, raised the per cent. employed from 47.3 per cent. to 50.3. Plainly there is more work for any man willing to seek it.

The mere opening of work is, however,

but little, unless a man can rise and advance. Opportunity must second initiative. The substitution of corporate for family ownership has done for industry what the abolition, by the French Revolution, of privilege in the army did for the advance of able men. The family firm or corporation holds the gate against ability. The Trust, the great corporation, opens it. Its chiefs come from the ranks and the dinner-pail. Thirty years ago, the scientific and technical schools saw their graduates hunting jobs. To-day, the Trust job hunts them. The schools cannot graduate them fast enough. The entire class will be engaged before commencement. The greater corporations are looking for the abler young men and using systematic reports to secure them. When a family plant is absorbed into a Trust, the disappearance of son and cousin, and the appearance of the friendless young man to take charge, is constantly noted. For the technically educated young man of parts and push, of head and hustle, the new

mammoth corporation has brought both initiative and opportunity.

For men less high and less well-equipped in the industrial scale, the result is relatively less fortunate. Wage is steadier. There is more of it. The relations with the union and with organized labor generally are more easily conducted. Bigger men are employed in the adjustment on both sides. The horizon is wider. There is more desire for a working settlement than for a personal victory. But the man, for any reason discharged and blacklisted, finds all avenues closed by a great Trust monopolizing a trade. Pension systems are easier for the large corporation; but once in operation, no new man is taken on over thirty-five years old. The man past his first youth finds all doors closed under the pressure of a new organization which seeks to run its plant at its highest speed. In this new militant organization of the armies of industry, the educated technician finds himself in the position of an officer. His commission and rank are

good anywhere. The mechanic and laborer have something of the security and the limitations of a private. He cannot safely resign. If collision comes, perhaps with some captious foreman, and a man is discharged or leaves, he is likely to be treated as a deserter. He is not wanted unless he is young and strong, and equal to modern pressure. These differences explain much of the opposition to Trusts among laboring men, and their acceptance by the technically educated. Manifestly, as the pace increases, and work grows hard to bear and harder to get for mechanic and laborer by fifty years of age, the old age pension by the State and not by the employer, paying only his own, must be necessary to maintain a just balance.

Neither ownership nor employment, however, gives control ; and control is security. Initiative and opportunity, without security, lead straight to disaster, to the loss of the investor and the capricious or uncertain employment of labor. Control and ownership

are no longer wedded. In twenty-four Trusts which Mr. J. D. Jenks examined, there were only five in which the five largest owners held a majority of the common stock, and but eight in which this was true of the preferred. In not one did any one man hold a majority. Mr. J. D. Rockefeller is not credited with holding a majority of Standard Oil. In many industrials and railroads to-day, the governing group no longer holds a majority. The man or group controls as does the strong man armed who holds his new-made empire. The parallel is close. A business genius for command, plan and organization creates a trade, as conquerors once carved kingdoms. An industrial peace and stability is established. Those who prosper by it in dividends, surrender control, as France gave up her liberties to Louis XIV, and never regained them. All about, this is in progress, where supine stockholders let some Rockefeller exercise a secret industrial despotism as long as dividends are lavish and secure.

This is the old fight in a new form and on a new field. What are the evils of the trust and of the modern corporation? Secrecy, irresponsible autocracy and personal privilege. What is this but the old work of despotism? The absence of corporation reports matches the closed and personal public treasuries of the despot. The control of a man or men, independent of a majority—this irresponsible autocracy is as old as the history of despotism. The special contracts and side profits of those in corporate control—what are these but the monopolies, the grants, the imperial and royal plunder of past centuries? These all run parallel to the evolution of the state in the past. First an era of plundering, cut-throat competition. Peace is created by some strong man. His empire is organized. There grow up suffrages and rights. The despotic executive seeks to treat the organized State like a family or personal property.

Two opposed and different perils are created by these conditions, often confused,

both calling for reformatory legislation and new criminal statutes, but both precisely analagous to the risks and the dangers to Society which have been in the past successfully surmounted in the creation of the political organization of the State. A vast mass of corporate property owned by thousands of individual shareholders, whose control rests with their tacit or expressed consent in the hands of a few men, more interested in the exploitation of the property and its uses, for their personal fortune, than in either the profits of shareholders or the public service of the community, gives on the one hand opportunities to corrupt the State, and on the other to plunder the shareholder.

The State, its executive authority, its judiciary, and its legislation, are all three under the shadow not of mere individual property holders, which would be serious enough, but of the vast aggregate created by the fact that a few such holdings will control a corporation manifold larger, or a few



able men with but little personal interest in a corporation, maintain themselves in a position of command as long as shareholders receive dividends, as to whose source not one of them cares to be careful. The practical result is, as every one is aware, that there are in every city reformers denouncing the bribery of legislators and the corruption of the judiciary, who themselves hold shares in corporations whose profits rest on, or are promoted by, these acts. Deprived of the power to protect himself by corporation acts which render it easy for the promoter to establish, and the astute manager to control a corporation, the shareholder ceases to feel a moral responsibility, and there are in every American community a large number of men and women who with every payment of dividend or interest, are sharing in profits drawn from methods which they denounce and abhor.

Exactly as modern European states in their early stages found themselves forced to deal with private wars, carried on by

noble or condottier, whose body of armed men was kept together by plunder which the military genius of its leader enabled him to secure, and with the destructive industrial effects of vast monasteries and guilds which constituted an industrial imperium in imperio, threatening the sovereignty, limiting the power of taxation, and paralyzing the industrial functions of the State, so the modern State finds itself facing precisely similar dangers from predatory industrial and financial warfare, carried on by the managers of great corporations, and from the success with which they can levy toll on great industries and aid a body of shareholders living on capital earlier amassed, as did the monk and nun, on property accumulated from a period when the monastery and convent was, as it was from the eighth to the twelfth centuries, an indispensable instrument of civilization and education. Here again, the conditions of the past repeat themselves, and the instrument of the past, adequate law, is the only sure

method by which like evils can now be redressed.

The real issue in both these cases is that the State has failed to extend over these new corporations the authority of its own laws. It permits their reports to be secret, their operations to be veiled, untouched by its inspection or scrutiny. It has left the shareholder on his side, without knowledge of the accounts of the corporation and without power either to control its affairs, or redress his own grievances. The shareholder himself occupies a double position. He is on the one side, a citizen, suffering from whatever injuries the state suffers, and on the other, the owner of property which he is unable to control and whose management he is prevented from scrutinizing. Under our system we have permitted the useful fiction of state sovereignty to introduce on a large scale corporations, which, except in the field of interstate commerce, are acting in sovereignties, whose authority they evade. In England, the shareholders of

the larger corporations live within an area which makes their annual meeting a real gathering for discussion on the affairs of the corporation. Here, shareholders are so scattered that this has ceased to be possible in some cases, and, in all has ceased to be usual. These differences, often forgotten, and never fully considered in the discussion of the corporation, do not, however, change the essential issue. The State faces, in all the various forms of the problem presented by corporations, essentially the same factors which from the beginning have beset its development;—the question whether the various agencies which society employs shall be more powerful than the State or shall be under its control. It was this issue which was raised by the executive or “crown” until it was brought within the bounds of law. The religious organization of society once raised the same issue. The industrial organization has passed through the same steps and it faces a situation in which the three factors concerned, the sovereignty of

the State, the duty of the citizen, and the responsibility of the shareholder are joined in a common moral obligation to see to it that the sovereignty of the State continues in fact, as well as in name, a sovereignty working through law, and not through men, to the end that this be a government of laws, and not of men.

Those who share the national or corporate citizenship, burgher and noble in the past, shareholder and bondholder to-day, have the old choice—a struggle for liberty through law or the acceptance of personal despotism. Nor can despotism be more successful in industry than in the State. Out of liberty alone comes lasting security. The rule that rests on a man dies with him. The small shareholder can do little; but he can urge on the state laws which will curb the despot in industry as other like laws once curbed another executive. Reports can be required, publicity enforced, and personal responsibility imposed. These in the past have freed the State. They will

free the corporation. They were needed by the one. They are needed by the other. In a new scene, the old battle is again joined. The real issue presented by modern corporations is whether the State, by its laws, and the new corporation citizen, holding the franchise as shareholder in these new industrial empires, shall be strong, one by passing laws and the other by using their legal powers, to complete the cycle of industrial rule and empire by introducing the reign of law. No State can remain lawless and under personal tyranny in its industry and enjoy liberty through law in its political institutions. The corporation must be subject to law or law will be subject to the corporation. Nor is it to be thought of that the stream of liberty which from high antiquity has flowed, having won political freedom, is to lose itself in the sands and mire of industrial tyranny. Instead, law will bring liberty and liberty law in this field as in the other. Regular reports, a gradual training in self-government, an

awakening sense of civic responsibility in the corporation, as earlier in the State, will cure the evils we now see. But this requires in the corporation the same sacrifice, the same courage and the same resolute battling for rights which the same struggle has always demanded in the State. The New Jersey charter is an attempt to keep the forms of self-government in an industrial state and provide no constitutional instrument for their exercise. A sound companies' act in England has bred a spirit and habit of responsibility. It will here, and such an act will come here. It will make the corporate executive subject to law and penalty as has been done earlier for the executive in the State. The problem is the same, the solution the same, and the triumph will be the same. Where the fathers won political self-government, this great population of shareholders will win industrial self-government. This security once gained for this advantaged class, it will broaden down as civil security did. There

will be the same succession of the strong ruler, the privileged class, and the wider and wider sway of common rights. Out of it all will come a democratic industrial economy, giving as has the State, initiative, opportunity, and security to all its industrial citizens.





### **III**

## **THE UNION**

**BY REV. GEORGE HODGES, D. C. L.**



### III

#### THE UNION

THE Trade Union will probably occupy a long chapter of our social history. It will enlist a majority of the skilled workers, and a great multitude—perhaps eventually a majority—of the unskilled. It will be taken into partnership, reluctantly but inevitably, by most employers, and will be the conventional medium of communication between the master and the man. It will enter into politics, where it will be a totally new factor,—presenting itself as a new party with new interests and demands, or affecting and perhaps dominating one or both of the old parties. The effective organization of the working people under a democratic form of government, with manhood suffrage, is a new phenomenon. Nobody knows how it will work.

It would be too much to say that the long chapter which the union will contribute to our social annals will last to the end of the book. It is but one in a series of chapters which contain the story of the progress of the hand-worker. He was for many centuries a slave, having no rights except such as he shared with other domestic animals. Then he was for centuries a serf, in some measure free, but bound to his feudal lord, and attached indissolubly to the soil. Then he became a wage-earner, with enlarged independence, and even some power as a member of a guild, but with no voice in the nation ; and presently, when steam and the machine produced the mill, he was worse off than the serfs, or even than the slaves, his ancestors. Out of this depression he emerged, at the end of the first quarter of the nineteenth century, as a member of a trade union. It is probable that there will be other, higher, and better stages. The working man, disciplined by the union, raised from

the condition of dependence into which he was thrust by the great industry, and impelled by new ideas, new ambitions and new opportunities, is likely to advance still further. There is a dramatic element in the story of his progress which predicts a crisis and a culmination far in the future. Indeed, what we are studying here is the ascent of man, the steady march of the plain man, out of a social state akin to that of his cousins in the jungle, into the kingdom of heaven. It is that for which we pray in the Lord's prayer, and in which we affirm our faith when we say in the Creed that we believe in the Catholic Church. It is the slow realization of that universal commonwealth of God, into whose privileges of citizenship all people, even the least, shall be admitted.

Meanwhile, here is the union, the contemporary stage of this long progress, perhaps the most significant of present social facts, demanding consideration. It is as inevitable as the weather; to refuse to

recognize it is like refusing to recognize the wind and the rain. To imagine that it may be disregarded, or that by some process of legislation it may be happily abolished, is as idle as the endeavor to keep back the rising tide with the kitchen mop. This I infer not so much from the great multitude of working men, increasing every year, who are making their way into the union, as from the persistent growth of the union movement in the face of the most powerful opposition. It has met the full force of English law, interpreted and applied by hostile Parliaments and hostile judges, and has taken the law captive. It has faced an almost universally adverse public opinion and has steadily converted its enemies. It has encountered the determined resistance of employers, and has gone into battles, coming out, in the main, victorious. It has had its martyrs and confessors, and its humblest people have manifested in its behalf a spirit of sacrifice such as is commonly aroused by love of country

or by love of God. It has even gained important victories over itself, learning the lessons of experience, growing in self-restraint and in wisdom. These are matters which make for permanence. In the presence of so serious a movement, grounded so deep in history and in human nature, enlisting the religious devotion of such multitudes of men and steadily progressing over every hindrance, we do well to enquire what the trade union means. This is the question to which this lecture is an answer.

Certain aspects of the union are such as to meet the unhesitating approval of most persons. I mean particularly the provisions which are made for the care of working men in the time of sickness and when out of work, and for the relief of their widows and orphans. These beneficiary features are a part of the life of a majority of the unions, especially in Great Britain, where more is made of them than in this country. During the ten years which began with 1890 one hundred



English unions distributed among the disabled, the superannuated, and the needy, forty-five millions of dollars. The union, in this aspect of it, is a huge insurance company. It relieves the poor man from some of the stress of anxiety. Every member knows that if he is hurt, he will be nursed; when he gets too old to work, he will be cared for at home without fear of the almshouse; and when he dies, the brethren will support his family. The sum which the individual receives is small, but it often makes the difference between distress and comfort.

There is, however, an element of uncertainty in these beneficent arrangements. The funds which are in the treasury of the union, no matter for what purpose they were originally collected, nor what name they bear in the accounts, are all liable to be taken for the maintenance of a strike. They are contributed with that understanding. It is true that the occasion for such a general levy comes very rarely. It may be

compared to the sale of the altar vessels in a time of extreme emergency. But it is a constant possibility. That is, all the beneficiary features of a union, to which even opponents give their approbation, are distinctly subordinated to another purpose for which essentially the union exists. That purpose is the maintenance of a certain standard of living. This is the goal of all trade-union efforts. It is the formula of the trade-union ideal. It is the heart of the whole matter. The unionist would gain and preserve for himself and his brethren such rates of wages, such regulation of the length of the working day and such conditions under which his tasks and theirs may be performed, as shall best conduce to the happiness of his life, the growth of his body, mind, and soul, and the welfare of his family. The man who toils with his hands was once treated as an animal, then as a machine; now he demands to be considered as a man.

The willingness of the union to sacrifice

to this purpose such sacred funds, to subordinate to it the interests of the sick, the aged, the widow and the orphan, is largely due to a conviction on the part of the working man that he belongs to a separate and immutable social class. The time was when every man of parts felt that he might rise above the conditions into which he had been born. He might, indeed, for the moment, be working with his hands under the obedience of a master, but to-morrow, or the day after, he would himself be in a position of authority. He would have his apprentices under him. That time seems to have passed: or, at least, the working man believes that it has passed. It is true that conspicuous men are now living who have made their way into high places from the humblest beginnings. It is true also that careful observers, such as Mr. John Graham Brooks, hold that the "solidified group consciousness that constitutes class feeling" is difficult to maintain in this country. It is noticed, for example, that

the labor official, making his way upward out of the ranks of the manual workers, easily enters into business or into politics. A certain flux is undoubtedly in progress, so that the class lines are not yet rigidly drawn. There is probably less class feeling among those who constitute what we commonly call the "better classes" than ever before.

On the other hand, the conditions of profitable industry have changed even in a generation. It is increasingly difficult for the workman to own the tools which are necessary for his work. The tool is a machine, and its belts run to a great engine or its wires to a great dynamo. The largest salary of the skilled worker will not permit him to aspire to this new ownership. It is true, moreover, from this and other reasons, that the hand-worker himself is more and more convinced that he is a member of a class. Mr. John Mitchell's book, "The Organization of Labor," rests the whole trade-union movement upon the foundation of

this asserted social fact. The working man belongs to a social class, out of which he does not expect to rise. There he is, and there he will remain. When he expected to be a capitalist, or at least a master, the pains of hard labor were endured as an apprenticeship, as an unpleasant initiation, as a bearing of the yoke in one's youth. Now he is convinced that both he and his neighbors must go on under these burdens forever, unless something can be done to lighten the burdens. Thus he comes to have class interests, into which he enters as naturally, and to which he brings as strong and devout an enthusiasm, as did ever ecclesiastic to his order. He is persuaded that whatever affects his class, for good or for ill, affects him; and that he can get no relief for himself or his children except by measures which concern the welfare of the whole working class.

Fixed thus, as he believes, in a social class, he perceives that the level of life is like the level of water. When the

level of the lake is lowered in any part, the whole lake seeks that level ; and according to a similar law, the low wage affects all other wages. Accordingly, the working man, knowing the immediate relation between a low wage and a low standard of living, finds a personal peril in the inordinate cheapening of labor in any locality. By the sure operation of the law of industrial gravitation, such cheapening menaces his own pay and with it the comfort of his home, the health of his family, and the education of his children. A familiar illustration is the opposition of the union to the importation of Chinamen. The Chinaman, the union says, has an oriental standard of living, which is very different from the American standard. He has no domestic life, no interest in books and pictures, and no appetite, and is willing to subsist on next to nothing. Once he is established here, he constitutes a lower level of living ; and to that lower level the working man in Fall River and Manchester must eventually ad-

just himself. Whoever will compete with the Chinese will have to live in the Chinese way.

That the working man is a member of a separate social class is thus the initial assertion of trade-unionism. All its plans and policies are based upon it. "The wage-earner has made up his mind that he must remain a wage-earner. He has given up the hope of a kingdom to come where he himself will be a capitalist, and he asks that the reward of his work be given him as a working man." Belonging thus to a distinct social class, he is intent on raising and maintaining the standard of living of his class. This he purposes to do by combination. Thus his social theory passes into action.

The working man clearly perceives that as an individual he is at a disadvantage in dealing with his employer. All the business odds are on the side of the business man. He is the better educated of the two, is commonly more shrewd in bargaining,

and has incomparably less at stake. The employer is concerned about his profits; the working man is concerned about his living. To the employer it matters little whether this man or another stand at the machine. He need be at no pains to attend to his complaint or consider his petition. If the man is not satisfied, let him go out and give place to another. But suppose that the man has bought a piece of ground and put a house on it; suppose that he has a family; suppose that his interests and his friends are in the neighborhood of the mill, and his children are at school around the corner. These are reasonable suppositions, being the natural inferences from a normal human life. Under these circumstances the man cannot go, except at a bitter sacrifice. That is, in the bargain between the employer and the individual workman, the employer has little or nothing to lose; the individual, if he loses, loses everything. Moreover, the man, having no money in reserve, cannot hold off for better terms, but must take



what he can get. It is at the profound disadvantage of a forced sale that he disposes of his time and his strength, making a bargain which affects his body and his soul.

To the answer that while this is perhaps theoretically true, yet as a matter of fact the employer may be trusted to do the thing that is right, the union appeals to history and to experience. A good many employers and capitalists have dealt fairly and fraternally with their men. But a good many have not. They have taken every advantage of the situation. They have beaten wages down and hours up without the least regard to the kind of life which is thereby made inevitable. They have done nothing, absolutely nothing, for the needs of their men, as men, until compelled by law. They have left dangerous machines unguarded, careless of accidents, until they were obliged by law to guard them. They have made no reparation for loss of limb or life till they were forced to do so by the courts. They have paid no attention to the con-

ditions under which men and women and little children labored until they were ordered to do so by the State. These things are written in statistics. The working man has learned to read, and he knows about the factory acts and all the rest of it. Even without a book, he knows what life is in a great many mills. And the result is that he dare not commit himself as an individual to the loving kindness of his employer. He has tried it and he knows that it is not safe.

He must combine, then, with his brethren. They must form a union. This is the genesis of the union. Only thus can the men make their voices loud enough to reach the master's ear. Now the employees in a body will present their petitions and make their complaints. The men demand that the new union be "recognized." That is, for their own reasonable protection, for the proper safeguarding of the right of collective bargaining, they require to be represented by attorney. If they send their own officers

to deal with the employer they will probably be under a swift necessity to elect new officers. This is why the union asks to be "recognized." The employer prefers to deal with his own men, but the men feel, with reason, that such dealing keeps them at a disadvantage. Let him hear their complaints from a representative who cannot fall into disfavor in the mill and lose his job. Thus the union comes fully into being. The first step is the theory of the existence of a distinct working class; the second step is the defence of the interests of this class by combination. We are now ready for an authoritative definition of the trade union. Thus they describe it. "A trade union, in its usual form, is an association of workmen who have agreed among themselves not to bargain individually with their employer or employers, but to agree to the terms of a collective or joint contract between the employer and the union. The ideal of trade unionism is to combine in one organization all the men employed or capable of being


employed, at a given trade, and to demand and secure for each and all of them a definite standard of wages, hours, and conditions of work." "It is this principle," says John Mitchell, "the absolute and complete prohibition of contracts between employers and individual men, upon which trade-unionism is founded."

The definition states the three matters with which this combination is concerned : wages, hours, and conditions. These are the basis of that standard of living for the sake of which the union exists. In its collective bargain with the employer, the union establishes a minimum amount of wages, for less than which no union man may work ; and a maximum number of hours, which no man may be required or permitted to exceed ; and certain distinctly specified conditions under which the work is to be performed. All this is stated with such clearness that there is no difficulty in understanding precisely what the union asks.

As to wages, it would prescribe a minimum for the unskilled workman of six hundred dollars a year. It is understood that this supposes a man capable of honestly earning that amount. It does not include incompetent persons who are physically, mentally, or morally unfit. It rejects vagrants, the vicious, and the constitutionally idle. For the lower strata of society the union has no remedy. It has no use for any man who is not fairly worth six hundred dollars a year. But it contends that any able-bodied, industrious, and diligent man who is willing to give his time and strength for the common life is entitled in return to a decent living. He ought to have a house of six rooms, with carpets and sufficient furniture, made comfortable with plenty of coal in the cellar and plenty of meat on the table, and made attractive with pictures. He and his family ought to be seasonably clad in all weathers; his children should be kept at school till they are sixteen years old; and there should be

some money in the bank for illness and old age. This, it is reckoned, can be had, except in the largest cities, for six hundred dollars, that is, for two dollars a day. If a business is so badly managed, or its products are so little wanted, that it cannot pay even its unskilled men a living wage, then it had better stop. If it can pay a living wage, but will not for the sake of a larger profit, then the sooner the attention of the public is called to this state of things, the better.

The second requirement sets the number of hours. This demand is made for the sake of humanizing the working man's life. The question is how many hours can a man work at a difficult, exacting, and monotonous task, and still have time to be a good husband and father, a good citizen, and a good man. It is of course plain that the standards of professional life, or of commercial life in its better positions, do not hold here. The physician, the lawyer, the minister, the merchant, the architect, the engineer, the men of large affairs, work



long hours. But the work is varied ; it is personally and absorbingly interesting ; and they do it because they will. They are in a very different case who work because they must, and are, for the time being, little more than a part of a machine, filling with their nerve and muscle a place which the inventor has not yet succeeded in filling with wires and wheels. It is true that a hundred years ago in this country, men were commonly at work from sunrise to sunset ; but the character of the work was for the most part different. More of it was out of doors ; more of it was naturally interesting to the workman. It was done in smaller groups, so that it had the spirit of comradeship. And the machinery was not so complicated and imperative as it is at present. Under such conditions a man might be content to work all day. The day's work is now a more nervous matter ; the pace is much faster ; the machine is more continuous and peremptory in its demands. The work takes more out of the

worker than ever it did. Even under excellent conditions, a task which occupies day after day the hours from six to six leaves little time for rest and recreation, for personal betterment, for family life, for normal human happiness. Therefore the working man, enabled by combination in the union to make his wishes known, is diminishing the working day. From twelve hours he has brought it gradually down to ten, to nine, and now to eight. He has proved that this decrease of hours is good not only for himself but for his employer. It means a more efficient and a more contented man, who does more now in the short day than ever he did in the long. Eight hours is the figure set by the union as consistent with the American standard of living.

Along with this regulation of hours and of wages, the union makes a third requirement. It would improve the conditions under which the work is done. This means the placing of guards around dangerous

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machinery, the liability of the employer for accidents, the provision of clean and ventilated workrooms with proper sanitary arrangements, and the protection especially of women and children from the abuse of foremen of bad character. It means the careful limitation, and, in the case of children, the eventual abolition, of such forms of labor as are destructive of American family life. It means that the men shall not be over-rushed by the setting of an inordinate pace, and that they shall not be subjected to fines imposed at the arbitrary word of the foreman. In general, the union is against all such conditions as tend towards the degradation of humanity. It insists upon a constant recognition of the fact that the men and women of the mill are men and women, children of God and not cattle. It declares that the preservation of the health, of the comfort, of the integrity and of the happiness of human beings is of supreme concern to the entire community : and that whoever is responsible for a degra-

dation of the human stock is thereby an enemy to the common good. It puts personality above profit.

These, then, are the purposes for which the trade union exists. Its whole reason for being is that by combination, especially by collective bargaining, it may set a general minimum beneath which wages may not be depressed, and a general maximum of hours which may not be exceeded, and universal fair conditions; and may thus maintain for the working class a proper standard of living.

Into the process of attaining these purposes, enter of necessity great varieties of human nature. There is as much meanness and as much nobility of character, as much of the spirit of selfishness and as much of the spirit of sacrifice, as much vice and as much virtue, among the working folk as may be found in other sections of society. This is a discovery which surprises every new resident in the social settlement. The result is a great difference in the temper



and method of different unions. They are as unlike as churches. Some are radical, some are conservative; some are disposed to listen to the socialists, most are stoutly opposed to socialism; some are inclined to go into politics, most are convinced that a combination of the trade union with the political party would defeat the best plans of each; some are on terms of amicable understanding with the employers, others are fighting them every way they can. It is observed, however, as an encouraging and significant fact that a union is self-restrained and conciliatory, like an individual, in proportion to the number of its years. For example, the Brotherhood of Locomotive Engineers is commonly applauded, even by opponents of unionism, who are sometimes heard to say that unionism would not be so bad, if all the unions were like that. The fact is that the Brotherhood had a very turbulent youth, in which it did a great many most objectionable things, and settled down into its present steady

habits as the consequence of hard experience. The hasty strikes are mostly precipitated by the newest unions. They are the acts of men who have not yet learned discipline, and good judgment, and patience, and the value of reason, in the school of the union.

These wide differences among the unions account for some of the differences among the critics. For example, the presentation of the union which is made in this lecture is derived from the statements of its most sober and representative leaders. It expresses its best ideals, and is the orthodoxy rather than the heresy of unionism. It will easily be contradicted by the actual experience of many persons towards whom this union or that has behaved impudently or arrogantly, without consideration or courtesy or justice. This, however, is no more true of the unions than it is of the churches. The Christian church, in its long history and in its contemporary life, is open to this diversity of criticism. It may be

judged by its best or by its worst, by its successes or by its failures, by its ideals or by its blunders. Shall the fair critic of the churches draw his conclusions from the saints or from the sinners? from the conservative communions or from the eccentric sects?

To this wide difference in the method and the spirit of the existing unions, is to be added a certain roughness of manner which must be reckoned with in making up our minds regarding them. This rudeness, which sorely prejudices the polite, is as natural and as inevitable as the hardness of the men's hands. It is what we must expect from this constituency. The demands of the union are phrased with an unpleasant bluntness; the strikes which the union orders not only interfere with the serene course of our lives but have an unhappy fascination for the more disorderly of the people, until we cannot tell the striker from the ruffian; and non-union men are treated in a manner which is cruel and savage to

the last degree. The truth is that the unionist, whether he is engaged in his toil or in his contentions with his employer, is not a pleasant person to the eyes of a stranger. All this, however, must be taken quietly into account by one who would estimate the union and its ways aright.

These brutal proceedings are all bad and must be stopped by might of law ; if need be, by might of arms. But while this salutary suppression is going on, we may properly remember that it is not so very long ago since exceedingly reputable persons were engaged in much the same business. The spirit in England, for example, in the course of the ecclesiastical disturbances of the reigns of Henry, Edward, Mary, and Elizabeth, was closely akin to that which animates the union at its worst. The matter then at stake was the religious supremacy in England. The establishment for the time being was to all intents and purposes a union. In the reign of Mary, the union was the United Catholics of England.

They were determined that no non-unionist should hold ecclesiastical office in that realm, and that no citizen should be baptized, or confirmed, or receive the sacrament of the altar, or be married, or be buried, except at the hands of an official of the union. Non-unionists were insulted, fined, forbidden the right of assembly, and boycotted. Some of the more obstinate and aggressive were put to death. Cranmer, Ridley, and Latimer were burned at the stake as non-union bishops. In Elizabeth's day the union was the Brotherhood of Anglican Churchmen. In Cromwell's day, it was the Amalgamated Association of Congregationalists and Presbyterians. They all behaved alike, doing the same kind of thing for which we now reprobate the working man. So they did in New England, when they whipped the non-union Baptists and the non-union Quakers. It all belongs together. Whoever would understand what the union means to the working class, has but to read Church history. The unionist is actuated

by the same motives which made good men persecute their brethren. We have now grown wiser. We have many of us come to understand that no cause is advanced by that sort of strife. The unionist will learn the same lesson. In the meantime, let every offense of his against the law and order of the community, and against the liberty of the citizen, be sharply punished ; but let us remember how our fathers acted, how conscientiously and how mistakenly.

A further consideration is also helpful in order to have a right judgment of the union. To the fact that there is a great difference between the unions, some of them being good and others not so good, and to the fact that the ways of many unions betray the natural roughness which accords with rough labor, and the natural infirmities of temper and errors of judgment from which even saints and sages are not free, must be added a sharp suspicion, often amounting to animosity, which is the result of hard experience. The working man is pretty firmly



convinced, on a substantial basis of proved facts, that his employer will get the better of him if he can. It is true that these facts do not implicate the employers of our own acquaintance, whom we know to be just men, perplexed and often exasperated by the difficulties of the present distress, but totally resolved to do the thing that is right. These honorable employers, nevertheless, fall under a general distrust for which, as they themselves confess, there is abundant reason. It is this justifiable suspicion which impels the union, in common self-defense, to courses of action which often discommode and annoy the public, and anger the employer.

Thus, the hour strikes and the workman gathers up his tools, deaf to all persuasion. Another ten minutes and the job will be completed. No, not a minute, not a second! This is most unpleasant, but it is the logical result of the discovery that an inch widens easily into a yard. The precious leisure gained by long effort and sacrifice is in

danger of being encroached upon, ten minutes at a time, till the eight hours of labor have become nine.

So with the company store. Why not trade cheerfully at the company store? Because the working man has found that these purchases are made an occasion whereby his wages may be reduced without his knowledge. The amount of money in the envelope is as large as ever, but by means of higher prices or of lower quality the company gets more of it back at the store.

A like suspicion attaches to the demand that the union be incorporated. The objection of the men is only in part to the consequent financial liability. This they feel is inevitable, and the better of them feel that it is just. It will be brought to bear upon the union, and ought so to be brought to bear, whether it is incorporated or not. The "Taff Vale" decision sets a universal precedent. The chief objection is that incorporation means court interference means that the law can dictate

affairs of the union may be managed. This diversion of beneficiary funds, for example, to the promotion of a strike,—what will the judge say to that? The union, after long experience, suspects the judge. He is a person, let us say, of probity and a fair mind, but he is a member of a social class administering the business of members of another social class. He may escape the prejudices but he can hardly escape the prepossessions of his education and environment.

So with the opposition of some unions to the enlistment of their members in the ranks of the militia. With this opposition the leaders of the general union movement are not in sympathy. They deprecate it. I quote from a representative statement: "The number of unions discriminating against militiamen is extremely small, but it would be far better if there were none at all. . . . The trade union movement in this country can make progress only by identifying itself with the State, by obeying its just laws, and

by upholding the military as well as the civil arm of the government." Nevertheless the feeling exists, and increases with every strike in which militiamen fire on strikers. The men perceive that at any moment they may be ordered to shoot their own brethren.

Another case in point is that of piece work. The objection to this method of payment is that it is found to lend itself to the systematic quickening of the pace and shortening of the rate. The men, let us say, are making three pieces a day, for which they get three dollars. It is proposed to them to make four pieces a day, for which they are to receive four dollars. This is quite satisfactory until the conditions of the market make it desirable to cut them down to three dollars. Then they make four pieces for three dollars. Presently, when times are more prosperous, a pace setter—that is, an uncommonly fast worker—is put in who shows them that they can actually make five pieces a day. For this they are prom-

ised four dollars. Then, when the tide is again at ebb, they are reduced once more to the original three-dollar rate, for which they are now making five pieces, to the profit of the employer, but to the detriment of their health.

I cite these various cases, in which at first sight the union seems to be unreasonable, to show from the working man's point of view the basis of his opposition. He is convinced by experience that his employer is bound to get as much as he can and to give as little as he can, and he defends himself. It is a game of fence. The master quickens the pace, the man slows up. The master limits the amount of output that he may increase the price of his goods, the man limits the number of apprentices that he may maintain the price of his labor. The master introduces new machinery that he may cheapen production by discharging men, the man demands an increase of wages that he may get some part of the common advantage of the improved machine. It is

an inevitable partnership, for neither can dispense with the other. The master cannot possibly do business without the man, nor can the man without the master. But it is a partnership embittered by suspicion.

In its contention with the employer the union uses two stout weapons: the strike and the boycott. Neither of these was made by the union at its own forge. In some essential particulars the exodus of the people of Israel out of Egypt was a strike. It was an industrial revolution of the working men of a great nation. They stopped work and betook themselves out of the land, to the consternation of capitalists. A similar foreshadowing of modern manners is to be found in the Book of Judges in the agreement of the tribes to have no dealings with the sons of Benjamin. They boycotted the Benjaminites. That is, the strike and the boycott are implements of warfare which are common to human nature, and are as ancient as hands and feet. Our attention is attracted to the employment of

these cudgels by the union, not on account of their novelty, but on account of the effective way in which they are wielded.

When the two parties to an industrial agreement, the employer and the employed, are unable to agree, each has open to him a peremptory argument. If the aggrieved party is the employer, he dismisses, or as the phrase is, locks out the men; if the aggrieved party is the employed, he and his companions strike. The lockout and the strike are two sides of the same act, and each rests on the same basis of reason. The difficulty comes to the notice of the public when the men on strike are not content simply to stop work but try to keep other men from working in their places. And this is desperately aggravated when the arguments whereby the striker would dissuade his non-union brother are the arguments of violence.

It is the young union, as I said, which rushes merrily into a strike. To the more experienced unionist, and especially to the

officers of the union, the strike is a serious matter. It is undertaken with the most sincere reluctance, at the demand of what seems a social necessity, and only after arbitration has been proposed and refused. The policy of the union is to keep the peace, if possible. A long strike means general hardship. It takes money out of the workman's pocket. It costs the employer something, but never so much as it costs the striker. His wages stop. He receives, it is true, a pittance from the funds of the union ; but it is no more than a meager fraction of his customary earnings, and it may come from the provision which he and his companions have made for a time of sickness and old age. It means immediate and severe sacrifice. It means that the man and his family must suffer. To the officials of a union, a strike brings a multiplication of their cares and labors, and a diminution of their salaries. The older a union is, and the stronger it is, the more reluctant it is to strike. On the other



hand, the refusal of the employer to arbitrate—that is, to submit the matter of difference to just judges—seems to the working man, and to an increasing number of disinterested citizens, a needless provocation. It is the result in part of a belated sentiment whereby the employer regards his men as his servants. Under the illusion of this sentiment, the action of the protesting men appears a piece of impudence. The fact that they presume to protest is an argument against them. The refusal of the employer is also, in part, a survival of an idea of the nature of industrial business which is no longer applicable. The fact is that all large business under modern conditions is an actual partnership to which there are three parties : one is the employer, another is the employed, the third is the public. The employer who says “This is *my* business,” misreads the compact under which in the nature of things he operates.

Then comes the strike. At the beginning of it, two of the partners, the union and the

people, are commonly united against the employer. If this union is maintained, the strike succeeds. If it is broken, if the public turns against the union, the strike is lost. This defeat is ordinarily brought about—unless the strike is manifestly unfair—by one or both of two strategic blunders. The first is the extension of the strike so as to call out men in occupations more or less allied who themselves have no grievance. This puts the strikers in the wrong. It brings great hardship upon persons who are in no way concerned in the original contention, and alienates the public. It is called a sympathetic strike, but its effect is to deprive the movement of the sympathy of the people. It has been tried a good many times, and has almost always failed. The second blunder is the use of force. It is, indeed, to be remembered that the strikers are not educated men, or accustomed to polite manners, or naturally self-restrained. It is also a fact that the violence which attends strikes is of a

dramatic sort which attracts general attention and is easily exaggerated. It is said, for instance, and probably with truth, that more men are injured on the Fourth of July than are hurt in all the strikes of all the rest of the year. Moreover, the turbulence of most strikes is chiefly the work of mischievous and criminal persons who find here an occasion of license. These considerations, however, do not release the union from its responsibility; they do not excuse the man who flings his lighted match into this heap of fireworks. Nor do they win the strike. When the violence begins, the failure of the strike is imminent. The third partner, the public, joins the first partner, the employer, and the second partner loses. The union is learning this lesson of experience. "The employers," says the foremost labor leader in this country, "are perfectly justified in condemning as harshly as they desire the acts of any striker or strikers who are guilty of violence. I welcome," he says, "the most sweeping demonstration of

such acts and the widest publicity that may be given to them by the press. In this the employers and the newspapers are simply supplementing the work of the trade unionists themselves who are endeavoring to stamp out all incentives to acts of violence." The union would do much to convince the general public of the sincerity of these protestations by vigorously disciplining every union man who is guilty of such acts. If this discipline has been anywhere enforced, the instances have not come to the knowledge of people in general.

Amidst the many perplexities of the industrial situation, one thing is plain ; and that is, that no man nor association of men may be permitted to interfere by force with the liberty of any man to hire whom he will, to work for whom he will, or to agree to such pay and such hours as please himself. No man may with impunity, on any pretext, break the public peace. The offense of stealing another's job is indeed great, as Mr. Carnegie has well said ; and the provocation

touches the very limit of endurance. But the way out—the only way out—is the persuasion and conversion rather than the persecution of the non-union man. The civil power, and, if necessary, the military power, must be summoned to protect the person and the property of the citizen, and to suppress disorder. The union must be free to strike, but for its own good as well as for the general good, it must build its plans on the foundation of law and of reason.

The other instrument of the union is the boycott. This comes to reënforce the strike. As the strike corresponds to the employer's lockout, so the boycott corresponds to the employer's black-list. The employer says on his side, "Nobody shall hire this objectionable servant whom I dismiss." And the working man says, "Nobody shall do business with this objectionable master whose service I renounce." Everybody boycotts something. The temperance man boycotts the saloon. The patriots of Boston, on the eve of the Revo-

lution, in the midst of the tea troubles, issued this broadside : “ William Jackson, an Importer, at the Brazen Head, North Side of the Town House and opposite to the Town Pump, in Corn Hill, Boston. It is desired that the Sons and Daughters of Liberty would not buy any one thing of him, for in so doing, they will bring Disgrace on Themselves, and their Posterity, forever and ever. Amen.” The Consumers’ League, with its lists of fair houses, and its label, maintains an indirect boycott, amidst the commendation and gratitude of all good people. The union is quite within its rights when it withdraws its trade and the trade of its friends from men who seem to them to be enemies of the working man. The boycott, like the strike, attracts general attention by the vigorous manner in which the union applies it, and by the hardships which are thus occasionally imposed upon the unoffending public. The impolitic enforcement of the boycott has probably done more even than the

strike to discredit the union and to make people distrust and detest it. "To boycott a street railway which overreaches its employees and pays starvation wages is one thing; to boycott merchants who ride in the cars of the company is another thing; and to boycott people who patronize the stores of the merchants who ride in the boycotted cars is still another and a very different thing." Therein Mr. Brooks, from whom I quote the sentence, speaks, I suppose, the general mind. And the sober leaders of the union substantially agree with him. To leave a church in which a man who worked in a strike is saying his prayers, to carry a teamster's grievance into the house of mourning and insult a non-union funeral, to get a girl dismissed from her place as a teacher in the public schools because her father did not obey an order to give up his job, or to encourage little children to carry the contentions of the mill or of the mine into the playground,—such brutalities as

these are discountenanced by labor leaders ; discountenanced, but not punished.

In these dramatic ways the union invites general disfavor—and gets it. To these it adds other and even more serious offenses. Its initial proposition that the working men are and ought to be a distinct social class is an offense against our common democracy. For this, it is true, the union is not altogether responsible. The fact exists, whether we like it or not. But it is neither a universal nor an established fact as yet. The union is steadily establishing it, against the true welfare of the republic.

The interference of the union with the transaction of business is an offense. Sometimes it is a minor offense, subjecting the citizen to nothing worse than discourtesy and inconvenience. It is probably untrue that the agent of a Roofer's Union called down a man who was engaged in mending the shingles of his own house, but the story illustrates a procedure whereby the union is at present seriously defeating its own pur-



poses by converting friends into enemies. Sometimes the offense passes the limits of petty annoyance and becomes an obstacle in the way of honest prosperity. I refer to the unions which keep men back from doing their decent best, which make idleness a precept, and restrict the output, and resist the introduction of improved machinery, and limit unduly the number of apprentices, and watch for opportunities to take advantage of an employer's necessities, and aggravate all these injuries by insolent dictation. Sometimes even these offenses are exceeded by an exercise of power which for a moment paralyzes the traffic of the whole community, stops transportation, empties the market, shuts the mines, and puts the public in peril of cold and hunger.

Concerning this situation there are two things to be said. One is that the tyranny of the union cannot be endured. The American citizen will not submit to it. The union is mighty, but the popular sentiment is mightier, and is sure to assert itself.

The union is intoxicated with new power, and is exceeding the control of its best leaders. It is listening to the man who has the loudest voice, and who pounds the table with the heaviest fist. It is likely in this condition to conduct itself in such a manner as finally to arouse the patient public. And the end will be loss instead of gain for the union. This country is largely inhabited by men who will maintain their inalienable right to work for whom they will on terms of their own making, to hire whom they please to do their service, and to carry on any lawful business so long as they conduct it in a lawful way. This is fundamental. The union must pursue its purposes by persuasion, not by persecution. Here the churchman speaks from the conclusions of a long history. The church has tried these union methods, even to the laying of a whole kingdom under an interdict. It understands the devotion, the enthusiasm and sacrifice which underlie even the worst of the working man's offenses. But it

knows by bitter experience that the kingdom of heaven is not to be attained by that sort of violence. This is as certain as a law of nature. It is a fact whose foundations are in the heart of humanity. Not even for the sake of a righteous cause may a man yield to tyranny.

The other thing to be said is this : the union cause is righteous. The union stands for the progress of the plain man. Its word is personality. It has done much and will do more to make the multitude happier and better. To criticise it apart from a recognition of this purpose is to aggravate the situation. To oppose it without discrimination as a common enemy is to emphasize all that is worst in it, to discredit its wise leaders, and eventually to force it into a hostile and portentous socialism. What is needed is criticism of the union when it lapses into error and opposition when it is in the wrong, with fair coöperation, on a basis of sympathetic understanding.

**IV**

**THE PEOPLE**

**BY REV. FRANCIS G. PEABODY, LL. D.**



## IV

### THE PEOPLE

THE story of the modern industrial conflict has been impressively told in preceding lectures, first, in the language of the employers and then in the language of the employed. It is an extraordinary story of industrial transformations which have created a new economic world. Fifty years ago the orthodox economists of Great Britain found a solution of the labor problem in what they defined as "the free competition of equal industrial units." There is now scarcely such a thing in existence as free competition; and the industrial units, instead of being represented by individual producers and hand-workers, have expanded into vast aggregations of capital and vast organizations of labor, in which the individual is little more than one cog in a huge machine.

On the one hand has proceeded the evolution of the employer, from the person to the corporation, and from corporate ownership to the massing of the capital in an entire industry in the combination, the trust, the monopoly. On the other hand has proceeded the organization of the employed, from personal loyalty of the workman to his employer to the union within the trade, and from the trade union to the federation of unions; until at last a combination of hand-workers confronts a similar combination of employers, and the elementary adjustment of hours and wages between equal industrial units is supplanted by the wholesale methods of the trade-agreement and the automatic action of the sliding-scale.

It is a story which describes in the language of industry the process of evolution and concentration which has occurred in its political form among the nations of Europe. From primitive feudal groups with their intimate relations of lord and serf, there emerged the larger principalities

with princes and vassals ; and from these in their turn issued the greater units of monarchies and empires ; until at last there are evolved the great European Powers, with their consolidated forces, massed along the frontier to enforce their claims. Each increase in the army of the Czar is met by new enlistments in the army of the Kaiser, until the most approved insurance against war is discovered in the very magnitude of preparations for war, and the monarch who is most ready for battle claims the promise of the peacemaker, that he shall inherit the kingdom. Much the same scene confronts one as he surveys the world of modern industry. Two vast hostile nations seem to occupy the land, each maintaining itself on a war footing, each claiming belligerent rights, each enlarging its alliances and strengthening its treasury, each insisting that it is a peacemaker while it busily accumulates the munitions of war, each speaking a language of its own and hardly able to understand that view of the issue which



within the other camp seems the most obvious truth. The days of free competition of equal industrial units are vanished like the days of independence of some minor German State; and the combinations of capital and of labor are the war measures of modern industry, as the unification of Germany or Italy is a defense against foreign foes. One of the most important leaders of the trade union movement in America has said with entire candor, that the schemes for mutual insurance and benevolent aid maintained in these organizations, and often regarded as their chief justification, do not in any degree represent their primary purposes. They are, he said, not philanthropic societies, but fighting machines. Their purpose is not mutual benevolence, but war.

If, however, the field of modern industry is thus a battle-field, where great powers by every means of organization, strategy, diplomacy, and arms are contending for control, there forces itself upon the mind of the

looker-on a further inquiry. How is it, one asks, with the rest of us, the stay-at-homes, the workaday majority, the people? What part in this great conflict have those who are not immediately enlisted on either side? It is easy to report what the captains of industry and the labor leaders have to say concerning industrial peace. Give us, says each of them in turn, complete control and peace will be secure. It is the method described by Tacitus: "*Solitudinem faciunt, pacem appellant.*" Yet these contending leaders, though each represents a formidable force, have behind them armies quite insignificant in number compared with the great body of population, the unorganized public, the consumers of every station. What is the relation to the labor struggle of this peace-loving and unenlisted mass, the doctors, lawyers, engineers and ministers, the clerks and small traders, the women and children, the great multitude of farmers, the representatives of individualized labor, of expert labor, and of labor

unorganized even in organized trades? Has this vast majority of the people nothing to say or to do about the industrial situation? Are they mere lookers-on at a conflict in which they have no personal concern?

On the contrary, the slightest reflection indicates that these stay-at-home citizens have at least one important part in this game of war. They constitute in fact the seat of war. They are the table on which the game of war is played. It has been said of Germany that each productive laborer carries a soldier on his back. The same burden falls on the quiet, much-enduring people in a time of industrial war. A lockout raises the price of a commodity; a strike reduces its quantity; and the people finally pay the bill. They are, as one student of modern society has very aptly remarked, the forgotten millions. Precisely as the controversies of European States appear to be between monarchs and armies, while in reality it is the tax-paying,

wheat-growing, shop-keeping millions who maintain these royalties and support these armies ; so the great, long-suffering, tax-paying multitude of consumers pays in the end the cost of industrial warfare in higher prices, derangement of business, personal inconvenience and domestic distress. The people carry both the employer and the employed on their backs.

A striking evidence of the final disposition of the economic burden has been lately supplied by the last step of industrial warfare. When the nations of Europe find themselves on the edge of bloodshed, a new resource presents itself in the form of international alliances. Two nations, naturally rivals, conclude that more may be gained by mutual understanding than by war, and proceed to substitute combination for contention, through dual alliances, reciprocity treaties, or tri-partite agreements. The same substitution of a trade alliance for a trade war has already been here and there accomplished by the hostile forces of industry.

War being imminent, as between the Coal-Team Drivers' Association of Chicago and the Coal-Teamsters' Union, or between the Glass-Producers' Association and the Glass-Workers' Union,—it occurs to some industrial statesman that the purpose of both parties may be better served by combination than by war. Why should wages be lost in the struggle to raise wages, and sales be stopped in the effort to raise prices, when both wages and prices might be raised at the cost of the consumer? Instead of further contention, therefore, a coalition, or, as its critics call it, a conspiracy, is planned; cartage is raised in price forty per cent. for the sake of team owners, wages are raised from ten to fifteen per cent. for the sake of the teamsters; and the people, taken unawares and dependent for the necessities of life on prompt distribution, pay the cost of both advances. This is the last, and certainly one of the cleverest, devices of modern industrialism. Some persons welcome it as a solution of the labor problem. It

has come to be described as the "Birmingham idea," as though it were a beneficent measure of practical reform. "The notion of antagonism," it is said, "between capital and labor is apparently giving way to a very different division of industrial life . . . in which each industry, closely knit, combining both employer and employees, may stand solid against the world."

When, however, we strip this device of its dignity as an idea or a solution, what does it mean? It means that the Trust and the Union are to dictate terms, and that the people are helpless. The Chicago coal carriers, or the Birmingham bedstead-makers, may set their own prices, distribute the higher percentage of profit to the various parties concerned, and the people have but to submit, or, as the case may be, must burn their bedsteads for lack of coal, or burn coal all night for lack of bedsteads. Whether it be war, then, between capital and labor, or peace, the issue for the people seems much the same. Whatever

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happens, the price of products advances, and the innocent third party, the lookers-on, the consumers, the people, finally pay the bill, whether that bill be created by passionate conflicts, or ingenious strategy, or down-right conspiracy, or sheer stupidity.

It becomes therefore interesting to inquire whether the only part in the problem of industry which the people may assume is the payment of the bill for a controversy not their own. Are there but two parties to the labor question? Are the people a mere *corpus vile* for industrial vivisection and experiment? Are they the mere spoils of two contending forces, captured in turn by each, as homes along a European frontier are captured by the raids of each army in turn? I remember once remarking to a German officer that the private soldiers of his army had many grievances to bear. The private soldiers, he answered, are not the German army; the officers are the army, and the private soldiers are the weapons with which they fight. Must it be said

with the same cynicism concerning modern industry that the organizations of capital and labor are the armies, and the incomes and needs of the great mass of consumers are simply the weapons with which they fight?

The answers which are just now most frequently given to these questions proceed from two opposite and extreme views of the case. On the one hand it is said that this sense of helplessness is justified, that the people have nothing to do with the labor question, that they are simply the spoils of the conflict, or clinical material for social operations. On the other hand, with more sanguine confidence, it is insisted that the people are masters of the situation, that they have but to assert their power, take control of industry, appropriate the machinery of production, and the labor question will cease to exist. Each of these views, of impotency and of supremacy, demands consideration.

There are certainly many incidents of modern industry which fortify the fi



view. The contending forces appear as a rule to be quite unaware of any third party with whom they have to reckon. The industrial war goes on at many points with as little consideration of the rights of the people as two armies exhibit for the farms and crops which they pass on their march. Organized capital raises rates with as little apparent regard for popular opinion as a vivisector has for the pains of a rabbit; labor organizations not infrequently obstruct the welfare of the people as boldly as an organized gang of robbers holds up a railway train. What but this can be said of the proposal to unionize the business of the national government, or to delay the preparation for the St. Louis fair? The one is a government of the people and by the people, yet it has been proposed to convert it into a weapon with which some of the people shall control others of the people. The other is an enterprise to which the honor and credit of all the people is now pledged, yet it is reported that none but union labor is ad-

mitted to the grounds, and that even union workmen, coming from other cities to supply the pressing demand, must contribute to the funds of the unions of St. Louis. Both of these proposals assume that an alert minority can surprise and disarm a careless majority, as a whole train load of sleepy passengers may be controlled by a half dozen determined men.

Startling however as are these evidences of temporary power, it is impossible to imagine that the people are permanently helpless. Mr. Lincoln's homely aphorism is as true of industry as it was of politics, "You may fool all of the people some of the time and some of the people all of the time, but you cannot fool all the people all the time." The condition of public affairs reflects in the end the sentiment of the people. Popular opinion is the final arbiter of popular movements. When a European war is declared, it appears to happen through the decrees of kings and cabinet ministers, but in fact these agents of the people are quite aware

that behind them there must stand the force of popular enthusiasm or passion to fortify their cause. It is the same with the war of industry. Back of the two armies directly engaged stands always the source of supply, in public sympathy, and the final judge, in public opinion ; and defiance of the general welfare either by capital or by labor, while it may have temporary success is but courting final defeat.

In the industrial struggle moreover, one means of self-defense is in the hands of the people which a nation hesitates to use when it is suddenly called to war. It is the weapon of complete abstinence. Let capital become too grasping, or labor too aggressive and the people, except in the case of the bare necessities of life, may simply refuse to buy or to consume. A corporation may announce the most roseate conditions of trade and allure employees by tempting schemes of profit-sharing, but let public confidence once slacken and the securities decline in the face of reported earnings, and the corpo-

ration instead of dictating terms to the public must await the restoration of public faith. This same passive defense may be illustrated in the smallest operations. A householder proposes to make a contract for painting his house. The Painters' Union however has raised wages and restricted hours so that the bids for the job are all extravagant. What is the defense of the householder? He simply declines to contract. He strikes against both parties. He can wait. His house may remain unpainted. In short, the people in such a situation unconsciously organize what is called in English politics a "Passive Resistance League," the association of those who resolve to do nothing, and it is as though two armies advancing to battle found themselves without a base of supplies, and must stop fighting, not because they are at peace, but simply because they are hungry.

The consumer, though he seems to carry the producer on his back, as we have before remarked, may, if he so please, stop short and throw his eques-

trian master over his head. That is precisely what is happening just now in the building trades. Wages and material are costly ; the people seem successfully taxed on both sides ; but, of a sudden, building stops, and through the whole long series of persons who live by building, from the architect down to the mortar mixer, runs a consciousness that their livelihood is finally dependent on the great silent majority whose strength is to sit still. There is a saying among charity workers that a town may have as many poor people as it can afford to pay for. This same saying may be applied to the conflicts of modern industry. A community may have as many strikes and lockouts as it can afford to pay for ; but when the people consciously or unconsciously conclude that they cannot indulge themselves further in these luxuries, then a new form of strike begins, silent, unostentatious, yet effective ; and more impressive than the rising tide of labor struggles and the noise of many agitators,

is this quiet ebbing away of the people's support.

When, however, one thus recalls the latent capacity of the people, he is easily led to an opposite and equally extreme view of the industrial situation. Instead of a confession of impotency he may turn to a conviction of supremacy; instead of the admission that the people have no part in the labor problem he may conceive that they should take over its administration to themselves and bring the conflict to an end. If, it is urged, the issue of the present competitive system is nothing better than organized war, if these consolidated armies of capital and labor show no evidence of mutual understanding and disarmament, why should not the people take possession of the machinery of business, and as they have learned to govern for themselves, now learn to produce and distribute for themselves? Does not the degeneration both of capitalism and of unionism prophesy the triumph of Socialism? What indeed are these vast aggregations of

capital and of labor but social experiments, which by a single farther step bring us to the Socialist Commonwealth? If for example, the trunk railway lines of the country are already controlled by a half-dozen men through community of interest, or if the rate of wages is already determined in great sections of industry by the authority of a few leaders, does not, it is asked, this situation both demonstrate the possibility and present the opportunity of collective control? Shall not the railroads be nationalized, and the labor supply unionized, and the rights of people secured, not by protest but by ownership?

It must be admitted that many signs of the present situation reasonably encourage this faith of the socialist. Whatever may have been, for instance, the temporary consequences of the anthracite coal strike, in inconvenience or loss, the most serious consequence was beyond doubt the conversion of great numbers of citizens to the belief that the best issue from this conflict was the

control of such monopolies by the people themselves, and that a programme of socialism was not beyond the sphere of practical politics. It is an easy process of logic which leads one to argue that if under the present system of industry the people may freeze or starve, it is better to take the chances of a plan which at least holds out the promise that the people shall be warmed and fed.

Further reflection, however, on these signs of the times, instead of justifying this programme of collective control, leads to quite an opposite conclusion. Two years ago, in the rush of business inflation, when no enterprise seemed too vast or too shadowy for successful promoting, it was easy to dream of a universal trust in whose economies and profits all the people might share. The reverses of the last year, however, have roughly wakened many people from this pleasant dream. We have learned the extreme difficulty of perpetuating these colossal enterprises even when selected adminis-



trators are paid prodigious salaries, and when industrial monopoly is practically assured. The people, instead of expecting social salvation through this combination of forces, have become thoroughly alarmed at the possible disasters which threaten these schemes. To this nervous reaction induced by costly experience must be added a further aspect of the case which repels many minds from the movement towards socialism. It is the tendency, perceptible in both parties concerned, to transfer their warfare from the field of industry to the field of politics. The vaster the interests on both sides become, the more tempting becomes the chance of winning the victory, not by economic advantage, but by the control of legislatures and courts. The labor vote and its influence on lawmakers are portentous enough, but the influence of corporations both on elections and on legislation is not less grave though much less noisy. The American Federation of Labor has indeed by an overwhelming vote repu-

diated direct attempts to convert their organization to political socialism ; and the corporations insist, on their part, that their entrance into politics is not to procure favorable legislation, but to expose and thwart blackmail legislation. Yet it is evident that both forces of industry stand on the edge of direct political activity, and are gravely tempted to use their industrial power for an invasion of popular liberty.

What shall be said then of a social programme which deliberately transforms productive industry into practical politics, and proposes to administer business as a part of the national or municipal government? Are the conditions of our politics such as to encourage this venture? Would the coal industry or the railways be better administered as spoils of the party in power? Do the corporations or the trades unions develop better leaders and cleaner methods when they turn from industrial service to political wire-pulling? Does not the very hope of popular government depend on its

detachment from special interests, and its representation of the entire people in their human rights and duties?

Reflections like these deter thoughtful citizens from any wholesale venture of the people into the sphere of industry. The socialist programme, except in occasional experiments, is, in the light of present tendencies in this country rather a warning than a destiny. The people, as Mr. Spencer once remarked, are not ready to give to the unfaithful stewards of our present public life the further care of our business affairs. The strength of the people lies in their detachment from the details of business, and their judicial attitude towards its principles and methods. The force of public sentiment is strongest when it stands apart from the warfare of commercialism, and estimates, stimulates, or arrests its progress by wholesale judgments of justice, compassion, and peace. The people are neither the helpless spoils of industry, nor are they on the other hand the best directors of in-

dustry. It is their place to control the final issue as a great people finally determines the issue of a great war—by the direction of the nation's sympathy, and the education of the nation's conscience, without whose support no modern monarch can long sit on his throne and no modern army can win a prolonged campaign.

If then the place of the people in the industrial programme is that of the dispassionate observer who is at the same time the final judge, we may go on to ask what are the means by which this attitude may be maintained and this authority exercised. There are, it may be answered, three ways in which the power of the people may be made effective, and in the end decisive, in the issues of industry. The first is the way of education ; the second is the way of legislation ; the third is the way of spiritualization. As they advance along these three ways, the people come to their own.

The first step of the people towards industrial authority will be taken when they

become aware of the new conditions of the modern economic world. There has occurred within a single generation a transformation in business methods which is not only unprecedented in its character, but which has been accomplished with such abruptness as to leave many persons either unaware that the old order is extinct, or dreaming that the new order may be abandoned. I asked a friend in Chicago not long ago whether his father was still in business with him, and he answered that this man of the earlier order had found himself incapable of adjustment to the new methods, and had withdrawn from a world which he could not understand. Just as the first Atlantic cable revolutionized in a day the whole system of foreign trade, so the principle of combination has abruptly modified the competitive system of industry and has introduced new grouping, new sources of profit and economy, and an undreamt-of range of administrative power. The first organized recognition of the new

industrial opportunity disclosed itself, not, as might have been anticipated, among the employers, with their larger range of observation, but among the wage-earners with their keener sense of need. Nothing indeed is more striking in industrial history than the contrast which has existed between the prevailing indifference and inertia of the great mass of employers, and the eager efforts for economic education which have been made by hand-workers. Limited as their education has necessarily been, and often directed to no other end than the procuring of ammunition for industrial war, it is none the less significant that the working people in all countries have been the most diligent students of economic processes and laws, and that while many an employer was blundering along in the old way, the hot debates of the trades unions and the large responsibilities of the coöperative system in Great Britain, were educating plain people for a new economic world. The education of the employers as

a whole did not become far advanced until they were forced to learn their lessons from a few masters of their own craft. Here and there—as in the extraordinary instance of the Standard Oil Company—a few acute observers of the situation perceived the new power of combination, and proceeded to create the hydra-headed and omnivorous organizations of the new time. Then at last the employers awoke and the era of promoting, inflating, and reorganizing began. It was as though thirsty men woke to find themselves at a well stocked table and began a very orgy of excess. Nor have the hand-workers been restrained from a similar intoxication. Monopoly of labor has come to be regarded as the deliverer from monopoly of capital. Unionizing appears to be the remedy for patronizing. Why should not every vocation and profession in the world, asks one enthusiastic labor-leader, be unionized, and the principle of monopoly made universally imperative?

What is it, however, one asks himself,


which has given this extraordinary advantage to the principle of monopoly? It is at bottom the ignorance, insensibility, and apathy of the people. The people are not, as a whole, even now aware that this revolutionary change has taken place. They do not know that the labor movement now involves not only uncertainties of wages and hours, but a completely new stratification of society, that it is, at bottom, a class-movement, proposing to array the whole of modern society into two hostile camps. The people have even not become thoroughly aware that, in many forms of business, they are at this moment absolutely without defense from the power of a monopoly which unites contractor and workman, and is in a position to dictate whether work shall be done or not done even in one's most personal affairs. The people have been simply taken by surprise, and captured by one after another of these devices of combination, and must pay their ransom. They have not reckoned with the world as it is. They have



fancied that producers and workers were the servants of the people, and of a sudden have discovered them to be the masters of the people. The people are without coal or cotton or oil or some other commodity, and this improvidence becomes the opportunity for the monopolist whether he monopolizes material, or tools, or labor.

How then are the people to protect themselves? First of all by the way of education. The defenselessness of the people is in their ignorance; and ignorance, as Dr. Curry once said of education at the South, is not a remedy for anything. The education of the people in the industrial question is often acquired through slow and severe experience. They are often caught napping, but they are not likely to be caught napping twice at the same point. Few householders whose bins were empty in 1902 are without a winter's stock of anthracite coal in 1903. Experience, however, is a costly and embittering form of education, and a more systematic scheme of popular

training is necessary to give to the people that same knowledge of economic laws which both employers and employed have now learned to apply for their own advantage. Here is the new province of the school, the college, and the university. A considerable part of the education of the people, as it has been arranged by earlier generations, has but slight relation to the world as it now is. New tracts of knowledge must be opened to the public mind. Instruction in the laws of economic welfare, in the principles of democracy, in the obligations of civic righteousness, are an essential part of the new education—the education of the citizen, the consumer, the people. No change in modern education is so hopeful as the increased provision for such studies. The era of social panaceas, of Utopian States, of short cuts to prosperity, seems almost at an end, and the era of sober and patient education seems to be near. It has become plain to great numbers of students in all conditions of life that the industrial problem is



not to be settled in a day or in a generation, and that the remark of one of the best informed observers of the matter was justified—"When I hear a man bring forward a solution of the labor question I move to adjourn." The solution of the labor question, if it is to be reached, must be reached not through the hastily devised remedies either of near-sighted employers or of hand-to-mouth wage-earners, but through the patient education of the people, the increase of popular understanding of economic affairs, the training of the people in industrial usefulness, the development of the people's conscience and the quickening of the people's heart.

The second safeguard of the people is an immediate consequence of their education. It is the application of better knowledge to better legislation. The labor laws of the last fifty years, both in Great Britain and in this country, have done much to correct the abuses and ameliorate the condition of wage-earners; but the

great majority of such laws have dealt with abuses which were easy to trace, and with conditions which all observers could understand. They have concerned themselves with the special cases of women's labor and child-labor, with limited questions of safety, health, and inspection, with definite issues of hours and payments. With the new expansion of industry, however, a new series of legislative problems confront us which are far more difficult to grasp, and which call for quite an unprecedented degree of sanity, patience, and wisdom. How to control monopolies without checking private initiative; how to regulate rates without obstructing enterprise; how to ensure Federal control without involving Federal ownership; how to guarantee the right of wage-earners to unite, without destroying the right of other wage-earners not to unite; how to defend the right of injunction without permitting injunction to fortify wrong; how to guard the integrity of the legislature which makes the laws, and the purity

of the judiciary which enforces the laws — these and many other questions concerning the law of labor are either absolutely created by new conditions, or have assumed under new conditions a wholly new degree of significance. Questions so comprehensive and so portentous as these are not to be answered by impulsive, excited, or ignorant legislation, but must be dealt with by new forms of law wrought out by the intelligent discussion and reflection of an educated public.

In this new extension of the possibilities of legislation there are but two alternative ways of procedure: one is the way of public ownership, the other is the way of public supervision. We have for the present boldly struck into the second path, by the establishment of Boards of scrutiny, such as railway commissions, gas commissions, factory inspectors, Boards of health, inter-State commerce commissions, bank examiners, having access to accounts and representing the interest of the public welfare. It is often

urged that this whole tendency towards scrutiny is an invasion of private rights and a hindrance to private enterprise. What should be more carefully observed, however, is the fact that these methods of scrutiny are, under the new circumstances, the only practical alternative for the still bolder experiment of public ownership. To return to the earlier world of individual liberty and privacy is now quite impossible. Either the corporations and federations whose interests affect the whole population must submit themselves to the scrutiny of the representatives of the people, or else the people will be over-tempted by the illusory doctrines of collective control. Either the organizations of labor on the other hand must welcome a legal status and a legal responsibility, or else they will find themselves involved in the much more dubious venture of a Socialist Commonwealth. The strength of the socialist programme in all countries to-day lies in this conviction that quasi-public interests are insufficiently con-

trolled, and the true conservative in political economy to-day is not he who still sighs for an impossible world of economic freedom, but he who applies himself to secure publicity, integrity, and legal responsibility in the vast economic organizations of the modern State.

It must be admitted, however, that neither in the education of the people, nor in legislation for their sakes, lies the secret of the people's power. In all that has been thus far said, indeed, much too rigid a line has been drawn between the people and the industrial forces of employers and employed. The people have been described as though they were lookers-on at a struggle in which they have no personal share. The fact is, on the contrary, that no such detachment of the people from industrial life is possible. In one way or another, as employers of labor or as laborers, as stockholders or as consumers, every citizen is inextricably involved in the industrial struggle, and it is quite in vain for any one to assume an atti-

tude of irresponsibility, or neutrality, or indifference. What we call the labor question is in fact one aspect of the general movement of modern society, and one expression of the prevailing traits of national character. A distinguished European observer of modern life once said that revolutionary socialism was the penalty which Europe was paying for not being Christian. The same thing may be said of the labor agitation. It is the penalty we are paying for not being Christian. The sins of the industrial order are at bottom the sins of the people; the evils of commercialism illustrate the character of the people. Each economic abuse which is tolerated or winked at is a witness that the heart of the people is not right. The stream of industrialism cannot rise higher than its source, and that source is to be found in the ruling passion of the people's heart, and the dominant direction of the people's will.

Here is the most solemn aspect of the present industrial situation. It is not a



case where certain commercial persons are contending for supremacy while the innocent people look on or suffer. The successes of the financiers on the one hand, and the excesses of the labor-leaders on the other, are made possible through the presupposition that the people are at heart of the same mind as they. The people are so eager to get rich that they become the easy prey of speculative finance; the people are so indifferent to the enforcement of the law that they easily tolerate illegal violence. The agitators of Chicago rely on the tacit sympathy of the people; the lynchings at the South occur not in defiance of popular opinion but through the connivance of popular opinion. In short, a nation, like a person, reaps what it sows. It sows the spirit of commercialism and it reaps the spirit of industrial agitation; it sows ostentation and self-indulgence in the homes of the rich, and it reaps the break-up of those homes through degeneration and divorce; it sows the seeds of a World-Power

and it reaps the perils of a World-Power ; it sows the lust for gain and monopoly, and it reaps inflation, indigestible securities, commercial crises, lawlessness, and social war.

What then is to be the refuge of the people from the perils of commercialism? There is but one final security—it is the spiritualization of American life, the redemption of the people from the overmastering passion for getting gain, the discovery of greater danger for a nation than what Carlyle called “the Hell of not making money.” It is not alone the outside of American life—its machinery, its laws, its industrial combinations—which most need cleansing ; it is, far more, its interior condition, its character, its prevailing ideals. The social problem may be in its form economic, legislative, and educational, but in its essence it is ethical, spiritual, religious, a call to moral redemption, a summons to a better life.

What is all this but a challenge of the modern world to the Christian Church—a

